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Degree of Master of International Studies  
(International Area Studies)

South Korea's Development Cooperation Policy(Approach)  
in African Countries: the case of Senegal  
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(Approach) in African Countries: the case of Senegal

A thesis presented

By

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# South Korea's Development Cooperation Policy (Approach) in the African Countries: the case of Senegal

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## **ABSTRACT**

Strongly engaged in Development Cooperation in the early 2000s with the adoption of the MDGs, South Korea committed to support developing countries by sharing its development experiences and funding development projects to bridge the gap between developed economies and poor countries. This paper examines the Korean Development Cooperation Policy or approach in respect with African countries, with a focus on Korea's Priority partner countries and particularly with a case study of Senegal. It scrutinizes the instruments used in the Korean Development Cooperation, ODA, trade and FDI. The Gift Theory of Marcel Mauss is used as theoretical tool to explain DC between developed countries and developing ones. In the analysis period 2000-2016, there is clear evidence that South Korea's support volume is increasing over the years, however, it is not necessarily destined to LDCs, among which numerous African countries, questioning its motives, some argue interest-based, others humanitarian based. Its assistance is mainly constituted of grants and loans with its governmental agencies, KOICA and EDCF respectively. With the strategic plan, the mid-term strategies and the CPS, Korea enhanced its DC for a more effective and efficient support. However, with African countries, not many development financing tools are being used and that explains the low level of Korean DC in Africa, hence its inefficiency. As a priority partner country, Senegal benefited of EDCF funds and lots of projects from KOICA in the social as well as in the economic infrastructures. However, in Senegal, as in Africa in general, the volume of FDI is very low and trade is composed of Senegal's exports of fisheries and



imports of Electronic devices, mainly. As a policy recommendation to conclude, it is argued that developing trade, FDI, and other development financing tools, as it is the case with its Asian partner countries, would develop infrastructures, human capital, know how, create job and boost the economic growth in the recipient countries and make South Korea's DC an efficient one and a win-win deal.

**Key words:** Development Cooperation, policy, South Korea, Africa, priority partner countries, ODA, trade, FDI, Senegal.

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# Table of Contents

|  |     |
|--|-----|
| Table of Contents  | I   |
| ABSTRACT.....  | I   |
| Table of Contents .....  | III |
| Acronyms and Abbreviations .....   | VI  |
| List of tables.....  | IX  |
| List of figures.....   | XI  |
| CHAPTER I : Introduction .....   | 1   |
| 1. Significance of the study.....  | 3   |
| 2. Purpose of the research .....   | 4   |
| 3. Hypothesis and research questions .....   | 5   |
| 4. Scope of the research .....   | 6   |
| 5. Organization of the thesis .....  | 7   |
| CHAPTER II : THEORY AND METHODOLOGY .....  | 9   |
| 1. Literature review: South Korea development cooperation policy and practices ..... | 9   |
| 2. Theoretical framework.....  | 14  |
| 3. Methodology .....   | 23  |

### CHAPTER III : ANALYSIS OF SOUTH KOREA’S DEVELOPMENT COOPERATION

#### POLICY (APPROACH) IN AFRICA .....25

##### 1. Background.....25

###### a. Overview of main characteristics of the African continent.....25

###### b. Brief history of Africa-Korea relations .....26

###### c. South Korea Development Cooperation and Africa .....29

##### 2. Framework of Korean Development Cooperation .....32

###### a. South Korea Development Cooperation instruments.....35

##### 3. Analysis of the development cooperation tools in Priority Partners countries in Africa 55

###### a. South Korea ODA to Its African Priority countries.....55

###### b. Trade between South Korea and its Priority partner countries .....62

###### c. South Korea FDI to its African Priority countries .....65

#### CHAPTER IV: Case study: South Korea’s Development Cooperation with Senegal.....66

##### 1. Korea’s CPS for Senegal .....70

##### 2. Korea’s ODA to Senegal .....72

###### a. KOICA grants to Senegal .....78

###### b. Korea loans to Senegal.....84

|  |     |
|--|-----|
| 3. Trade between Korea and Senegal.....  | 88  |
| 4. Korea Foreign Direct Investment to Senegal .....                              | 90  |
| 5. Remittances.....  | 93  |
| 6. Public- Private Partnerships (PPPs) .....                                     | 95  |
| 7. Brief comparison between Korean and Japanese ODA to Africa and Senegal.....   | 96  |
| 8. Summary of the key findings .....   | 99  |
| 9. Lessons from Discussions .....  | 102 |
| CHAPTER V: Policy Recommendations & Conclusion .....                             | 105 |
| 1. Policy Recommendation for a Better Cooperation for Mutual Economic Gains..... | 105 |
| a. To South Korea .....  | 105 |
| b. To Senegal and African Countries .....  | 107 |
| 2. Conclusion .....  | 112 |
| a. Limitations .....   | 112 |
| b. Development Cooperation: A strategic cooperation for the benefit of all ..... | 113 |
| Appendix.....  | 115 |
| REFERENCES .....   | 116 |

## Acronyms and Abbreviations

|        |   |
|--------|---|
| AfDB   | African Development Bank  |
| CIDC   | Committee for International Development Cooperation                     |
| CIPA   | Centre D’Initiation et de Perfectionnement des Métiers de L’Agriculture |
| CPS    | Country partnership Strategy  |
| CSO    | Civil Society Organization  |
| DAC    | Development Assistance Committee  |
| DC     | Development Cooperation   |
| DCF    | Development Cooperation Forum   |
| EDCF   | Economic Development Cooperation Fund                                   |
| FDI    | Foreign Direct Investment   |
| GDP    | Gross Domestic product  |
| GNI    | Gross National Income   |
| HLF-4  | Fourth High Level Forum on Aid Effectiveness                            |
| HRD    | Human Resource Development  |
| ICT    | Information and Communications Technology                               |
| ISRA   | Institut Sénégalais des Recherches Agricoles                            |
| IR     | International Relations   |
| KAF    | Korea Africa Forum  |
| KDI    | Korea Development Institute   |
| KEPCO  | Korea electric Power Corp   |
| KIAD   | Korean Initiative for African Development                               |
| KNOC   | Korean National Oil Corporation   |
| KOAFEC | Korea-Africa Economic Cooperation Conference                            |

|        |  |
|--------|--|
| KOAFEX | Korea-Africa Exchange Association                                    |
| KOAFIC | Korea-Africa Industry Cooperation Forum                              |
| KOICA  | Korean International Cooperation Agency                              |
| KOTRA  | Korea Trade Investment promotion Agency                              |
| KSP    | Knowledge Sharing Program  |
| LDCs   | Least Developed Countries  |
| LIC    | Low Income Country   |
| LMIC   | Lower Middle Income Countries  |
| MDG    | Millennium Development Goals   |
| MOFA   | Ministry of Foreign Affairs  |
| MOSF   | Ministry of Strategy and Finance                                     |
| MOU    | Memorandum of Understanding  |
| NGO    | Non-Governmental Organization  |
| ODA    | Official development Assistance                                      |
| OECD   | Organization for Economic Co-operation and Development               |
| OPM    | Office of Prime Minister   |
| PASET  | Partnership for Skills in Applied Science Engineering and technology |
| PPP    | Public-Private Partnership   |
| RCT    | Rational Choice theory   |
| SAED   | Société Nationale D'Aménagement et d'Exploitation des Terres         |
| SCA.SA | Société de Conserveries en Afrique                                   |
| SDGs   | Sustainable Development Goals  |
| SSA    | Sub-Saharan Africa   |
| STI    | Science Technology and Innovation                                    |
| TVET   | Technical and Vocational Education and Training                      |

|      |                               |
|------|-------------------------------|
| UMIC | Upper Middle Income countries |
| USD  | United States Dollar          |
| WFK  | World Friends Korea           |

## List of tables

|  |    |
|--|----|
| Table 1: Korea total ODA net disbursements in developing countries in USD million .....  | 36 |
| Table 2: Share of bilateral ODA by region, 2016, gross disbursements, Korea.....   | 37 |
| Table 3: Korea ODA by sector in USD million.....   | 38 |
| Table 4: Korea ODA to Africa, 2000-2016 total USD million.....   | 41 |
| Table 5: Korea total ODA net disbursements in Africa USD million.....  | 42 |
| Table 6: Korea total ODA net disbursements in USD million Asia.....  | 43 |
| Table 7: Korea's ODA performance in 2016 in million USD.....   | 43 |
| Table 8: KOICA grants (aid) disbursements from 2000 to 2016 by region in USD.....  | 44 |
| Table 9: KOICA ODA by sector 2000-2016 in USD.....   | 45 |
| Table 10: Cumulative total at the end of 2016 USD MILLION.....   | 47 |
| Table 11: EDCF support in 2016 in USD dollar (highest record since 1987.....   | 48 |
| Table 12: Regional distribution of loans 2016 commitments and disbursements.....   | 49 |
| Table 13: Loan commitment by sector 2016.....  | 49 |
| Table 14: Loan disbursement by sector 2016.....  | 49 |
| Table 15: Korea foreign direct investment flows by country in USD million.....   | 51 |
| Table 16: Korea Foreign Direct Investment flows by industrial sector.....  | 53 |
| Table 17: Composition of bilateral ODA, 2016 gross disbursements, Korea.....   | 56 |
| Table 18: Top five Korean ODA recipients in Africa.....  | 57 |
| Table 19: Priority sectors in priority partner countries based on CPS 2016-2020.....   | 58 |
| Table 20: KOICA (disbursements) to African priority partner countries in USD 2000-2008..                                       | 59 |
| Table 21: KOICA (disbursements) to African priority partner countries in USD 2009-2016..                                       | 60 |
| Table 22: Loans Distribution by country- disbursements 1987-2016 KRW million (EDCF loan distribution at the end of 2016) ..... | 61 |



|  |    |
|--|----|
| Table 23: Korea FDI to priority partner countries in USD million.....  | 65 |
| Table 24: Total DAC flows to Senegal in million USD.....               | 73 |
| Table 25: Korea flows to Senegal in million USD.....                   | 74 |
| Table 26: Korea ODA to Senegal in USD million.....                     | 76 |
| Table 27: Korea ODA to Senegal by sector 2005-2016 in USD million..... | 77 |
| Table 28: Korea trade with Senegal 2000-2016 in USD million.....       | 89 |
| Table 29: Senegal - Migrant Remittance.....                            | 95 |

## List of figures

|  |    |
|--|----|
| Figure 1: The social system of the gift.....                             | 18 |
| Figure 2: Korea's ODA framework.....                                     | 32 |
| Figure 3: Types of ODA.....  | 34 |
| Figure 4: Korea's ODA by sector 2000-2016.....                           | 39 |
| Figure 5: Distribution of net ODA from 2000 to 20116 in USD million..... | 40 |
| Figure 6: Korea's FDI flows USD million.....                             | 52 |
| Figure 7: Korea exports of all product by region USD thousand.....       | 54 |
| Figure 8: Korea imports of all products by region in USD thousand.....   | 54 |
| Figure 9: Korea country programmable aid evolution (Million USD).....    | 56 |
| Figure 10: Grants to African Priority Countries in USD 2000-2008.....    | 59 |
| Figure 11: Grants to African Priority Countries in USD 2009-2016.....    | 60 |
| Figure 12: Korea's exports of all products USD thousands.....            | 63 |
| Figure 13: Korea exports of all products by country US\$ thousand.....   | 63 |
| Figure14: Korea imports of all products US\$ thousand.....               | 64 |
| Figure 15: Korea imports of all products by country US\$ thousand.....   | 64 |
| Figure 16: KOICA aid disbursement to Senegal in USD 2000-2016.....       | 80 |
| Figure 17: Korea-Senegal trade 2000-2016 in USD.....                     | 88 |
| Figure 18: Korea trade with Senegal.....                                 | 89 |
| Figure 19: Korea FDI to Senegal 2000-2016 in USD million.....            | 91 |

## **CHAPTER I : Introduction**

Development Cooperation has been the field mostly used in establishing political and economic cooperation between advanced economies and developing countries for the purpose of reducing poverty and achieving economic growth. In the 21<sup>st</sup> century, globalization era, it has been associated with the MDGS from 2000 to 2015 and SDGs from 2016 for more efficiency and for the benefit of all countries.

Though it was first considered as belonging to the exclusive field of Development, time going by, it became obvious that cooperation is what gives meaning to such an ideology.

Since the end of the second world war, with the initiative of the leading hegemonic power, the US, through the Marshal plan (1948-1952) initiated by president Truman, rich nations have vowed to fight poverty and help poor nations, establishing institutions under the Bretton Woods system for economic cooperation, playing a major role in settling development cooperation.

As part of the international relations, Development Cooperation may be seen as any international cooperation destined to help poor countries filling the following obligations and efforts: “strengthening the national self-determination of the newly independent countries,

guaranteeing the human rights and access to the benefits of international division of labor to their citizens and eliminating poverty through deduction of global inequalities”.<sup>1</sup>

Started about sixty years ago, in the aftermath of the second world war, development cooperation (development aid doctrine) evolved and so did its motives.<sup>2</sup> It first aimed at helping European countries for the socio economic reconstruction of their countries. Then in a cold war context, it became an instrument in the struggle for the third world between the two superpowers. It was rather used as a political tool to defend ideologies, capitalism for US and Communism for the Soviet Union. Then, it became more economic with a focus on resource-endowed African continent. Later in the 21<sup>st</sup> century, the adoption of the MDGs, played a key role in the restructuration of international development assistance. In the same respect was held the international conference on Financing for Development in Monterrey, Mexico (2002).

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The international community recognized the necessity to relate MDGs to the priorities of recipient countries, of which many are from the African continent. Furthermore, goals and

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1. Political theories of development cooperation –a study of theories of international cooperation –Lauri Siitonen <https://www.wider.unu.edu/sites/default/files/WP86.pdf>

**2. International Development Cooperation : Set of Lectures**

<https://www.openknowledge.worldbank.org/handle/10986/13228>

**3. Monterrey Consensus - K UN.ORG**

[www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf](http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf)

principles of development assistance were further clarified through the High Level forums in Rome 2003, Paris 2005, Accra 2008 and Busan 2011.

As our paper aims at dealing with South Korea's Development Cooperation in the African continent, with a focus on Senegal, there is a need to present the African continent and Senegal from a historical and general perspective.

## **1. Significance of the study**

Lots of research have been made on the field of Development Cooperation, using in general different theories from development theories to liberal theory of cooperation, to rational choice theory (RCT), to explain its motives and instruments, also the South Korean's Development Cooperation has been diagnosed in regards with some African countries.

In fact, there are important number of cases where the Korean development cooperation is discussed. However, The Senegalese case, as main element of the study in relation to Korean development cooperation has not so far been dealt with. And as such, it can serve as a good starting point to take the challenge of being a model of Development Cooperation between South Korea and African Countries, because, among other reasons, the country has a good reputation of stable democracy, is peaceful and has long diplomatic ties with South Korea. Furthermore, the country has a national development plan and has recently discovered important resources of oil and natural gas. We think that these factors are relevant and can be good tools used to boost South Korea's development cooperation toward Senegal through FDI, trade, concessional loans, private public partnerships and other development policies. And

successfully developing and implementing such policies in Senegal would serve as a good example that could be spread all over the African continent. Not only we will examine the Development Cooperation between South Korea and Senegal, but again we will talk throughout our analysis about a set of theories that embodies all the different factors that explain Development Cooperation between developed and developing countries and show how South Korea's Development Cooperation corresponds to that frame. In the theoretical framework part, more will be said about the following theories, Realism, Liberalism and Constructivism as general International relations traditional theories, however our focus will be on the Gift theory we found more relevant to explain development cooperation. The found data, analyzed with that model will give a clear idea of the Korean Development cooperation policy in African countries in general and in Senegal in particular. So, the aim of this research is to examine the Korean development policy in Africa, to pinpoint its different aspects, the reasons why it is so low in volume and not as diverse as it should be in order to propose solutions to improve it and show how the improvement of South Korea development cooperation would positively affect African economies as well as South Korea economy boosting its exports, investments and creating jobs as well.

## **2. Purpose of the research**

Despite the international community commitment to succeed in achieving economic development and sustainable economic growth for all, lots of failures have been experienced over time. As a contribution, this research aims at zooming the South Korean Development

Cooperation in African countries, with the Senegal's case to have a clear idea of the motives, the prevailing situation, good and bad aspects of its composition, and to find out efficient means to improve it for a common better off.

Being aware of the fact that Development cooperation goes beyond aid and taking into account its different components like, trade, investment, migration, environment, security, technology, remittance, knowledge sharing, we intend to see the degree of effectiveness of the South Korean policy in terms of Development Cooperation in the African context and make alternative policy recommendations for successful outcomes.

### **3. Hypothesis and research questions**

South Korea Development Cooperation volume is very low compared to its potential. Developing other tools of DC will make South Korea more on the track in achieving probing result for effective development in its developing partner countries. We believe that Improving South Korea development cooperation in African countries would effectively promote economic growth and sustainable development in Africa and result in more opportunities for South Korea. So our hypotheses are that the relative absence of economic interests is the cause of the low volume of Development Cooperation from South Korea to African countries. And the second one is that the lack of variety in terms of economic tools such as trade, FDI and PPP is what make South Korea Development Cooperation not that efficient. The question that pops up can be expressed as follows:

How can South Korea improve the implementation of its development Cooperation policy in the African countries for a common profit? To answer this question, I will first need to answer the following 4 questions beforehand:

What do African countries represent for south Korean development cooperation?

What is South Korea development cooperation policy in African countries about and How is it implemented?

What are the main constraints impeding the importance of South Korea development cooperation in African countries?

What can be done in the Senegalese case that can serve as a model to improve Development cooperation between African countries and South Korea and make it really effective?

#### **4. Scope of the research**

As stated earlier, the study focuses on Africa (with Korea's country partnership strategy: African partners) in general and Senegal in particular and it covers the period from 2000 to 2016, period where we can observe different patterns of South Korea's development cooperation policy marked with the MDGs in the early 2000s, the renewal of South Korea Africa's relations in the mid-2000s, the mid-term strategy for development Cooperation 2011-2015, and the beginning of the implementation of the SDGs in relation with the mid-term strategy for Development Cooperation 2016-2020.



## **5. Organization of the thesis**

This thesis is organized in five chapters: chapter One (1) gives a clear idea of the motivations behind the paper and serves as an overview of the contents. It deals with the significance of the study, the purpose of the research, the hypotheses and research questions, and the scope of the research. Chapter two (2) reviews the literature on South Korea Development cooperation in regard to the African continent and deals with the institutions and actors that mainly participate in the implementation of the assistance policies. It also presents the theoretical framework used as analytical framework of the research and the research methodology dealing with instruments of DC, and collected data from official sources. In the methodology, main instruments of development Cooperation such as concessional loans, FDI, trade, and grants data, are chosen, to conduct the analysis. Chapter three (3) beginning with an introduction of the African continent, describes South Korean relations with the African countries over years, describes development cooperation and presents its evolution in the Korea-Africa context. Moreover, it analyses, through graphs, tables and figures, the contents of DC between South Korea and Africa, in terms of sector, income, region, amount, and destination (recipient countries) and bilateral flows between South Korea and selected African CPS countries. Chapter five (4) deals with the case study, presenting the country profile, the policy instruments, and the bilateral flows, ODA, trade and FDI between South Korea and Senegal. Besides, it summarizes the key findings and discusses the results from another perspective (based on exchanges on the questions) to give more room for the following chapter to deliver appropriate recommendations. Chapter five (5) gives to both partners,

policy recommendations that hopefully will serve for effective development through a good implementation and appropriate use of the Development Cooperation tools for mutual economic gains. It also, presents some of the main limitations we were confronted with during our research, and concludes by giving a realistic view of what development cooperation is: a strategic cooperation for the benefit of all parties.

## **CHAPTER II : THEORY AND METHODOLOGY**

### **1. Literature review: South Korea development cooperation policy and practices**

For many, development cooperation can be summarized as foreign aid or ODA but it is important to know that development cooperation is a broader set of actions that correspond to clearly defined principles and conditions that have as main goals poverty reduction, economic growth and sustainable development for all, which somehow corresponds to the “leave no one behind principle” of the SDGs. Sumner and Tribe, (2010) discussed it in terms of humanitarianism and justice.

Alonso, J and Glennie, J (2015) in an article for UN’s Development Cooperation (DCF) define Development Cooperation as any activity that aims explicitly to support national or international development priorities, is not driven by profit, discriminates in favor of developing countries, and is based on cooperative relationships that seek to enhance developing country ownership.<sup>4</sup> According to them, three main types of development cooperation can be identified in the modern era: Financial (and in-kind) transfer, capacity support, and policy change.

But again sovereign countries have their own motives that make them engage in it. For South Korea, the most claimed reasons are moral obligation and humanitarian. However, part of the

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<sup>4</sup> [www.un.org/en/ecosoc/newfunct/pdf15/2016\\_dcf\\_policy\\_brief\\_no.1.pdf](http://www.un.org/en/ecosoc/newfunct/pdf15/2016_dcf_policy_brief_no.1.pdf)

literature examines the claimed ethical motives and real observed motives of traditional donors and newly emerging donors of ODA (Kim. S 2011). It is to be noted that the question of ethic has been present throughout the history of ODA and so have its motives (riddell,2007:119). Considering the announced motives and the persistence of poverty in the world lead to question those motives and the way development cooperation is implemented by donors. L Chandy (2011) argued that taking into account the growing number of actors taking part in in the sector and the modest effect of aid as main element of Development Cooperation, makes that Development cooperation should be reframed to really achieve the desired outcomes of economic growth and sustainable development.

We cannot ignore the research that highlighted South Korea interest-oriented policies when it comes to DC motives. Kim. S (2013) argued that it has three key motivations: “achieving resources security, gaining political clout and promoting soft power”. She argued that it has been motivated by political reasons at the early stage, before evolving to more economic and strategic objectives characterized by growing volume of ODA and other financial flows. Darracq and Neville, (2014) observed the same thing saying that “food and energy security, new markets and enhancement of its credentials as a prominent global power, are the main factors motivating South Korea’s ODA. In that respect, we can claim that African resources and market are what influence most financial flows from developed countries and Korea is no exception to that.

Though useful, Korea's ODA still lack efficiency in what it shares as similarities with western ODA (Kalinowski) one example of it is "high levels of tied aid".

Despite the ODA provided, without access to the market that has real impact on developing countries exports, it will very difficult to achieve development. Stable market access providing investments for development is one of the major element the global economy should provide as a favorable environment for development (Kalinowski, 2011). He argued that not many positive outcomes have been achieved from the "one size fits all" strategies. And Countries' ownership of their development strategy is more successful than any other strategy (Easterly,2006).

Offering the Korean model is obviously at the political and economic advantages of south Korea. Furthermore, some aspects of the Korean model that no longer fit to their current economic interests are no longer highlighted for development (Kalinowski,2011). Therefore, he argued, it's necessary to have a critical eye to better understand the real story behind the Korean development by scrutinizing the Korean model to see what can be adapted to domestic and current economic needs.

Besides, it is to be noted from the literature, that Korean ODA doesn't satisfy the international standards in many aspects. As Darracq and Neville (2014) put it, among the factors constituting the basis of the criticism of the Korean ODA are: its two bodies handling development cooperation affairs, MOFAT and MOSF, the use of its ODA to develop the

interests of the country's companies. They went on, listing its challenges as an OECD-DAC member with an important tied aid (concessional loans with funds provided by EDCF and infrastructures to be managed by Korean companies), low rates of grants over loans, and the fact that it doesn't give ODA to the countries that are most in need. Darracq and Neville (2014) argued, based on the failures in Nigeria and Madagascar with the Korean National Oil Corporation (KNOC) and Daewoo, respectively, and the illegal fishing reports in West Africa, that South Korea's hunger of SSA's resource doesn't really work in favor of South Korea's reputation in Africa. And worst the failures named above prevent the Korean businessman from investing in Africa, which could be a lever in boosting Africa's Development.

It's true that even with good motives ODA will not solve all the problems the developing world is facing but with a good approach, it can help engage an economic process. Going beyond ODA will help developing countries reach their development goals (Kalinowski, 2011)

South Korea past history as a recipient for about 50 years with quite similar problems such as lack of FDI flows because of an unattractive economic environment and its then option for concessional loans rather than tied FDI funds (Kim E.1997; Kim& Kim 2015:174) put it in a condition to better design and implement relevant policies for development effectiveness. From the research made, we are to recognize that a comparative advantage of Korean ODA is in the significance of the Korean development model for capacity building and institutional in the developing world, (knowledge sharing and capacity building).

And three elements that may improve Korea development cooperation are: what it learnt through its development process, what it learnt from traditional donors and what really matters in the eyes of the developing countries. Ownership and Adaptation of a development ‘model’ is crucial for any development policy to succeed (Kalinowski, 2011). According to him, important funding helped the industrialization of former developing countries like South Korea, Taiwan and Ireland but domestic institutions involvement and state ownership are primordial.

From feedbacks and failures experienced over time, South Korea has been trying to implement projects and programmes that are more related to the developing countries’ needs. In accordance with the developing partner countries national plan and its policy based on the strategic plan and the country partnership Strategy, South Korea’s mainly focus its ODA with more than 70% on the following sectors: agriculture, education, energy, health, transport, water management, rural development, TIC in the African countries (CPS 2016-2020).

Furthermore, despite the internal economic situation that makes it difficult to reform ODA in South Korea, tremendous efforts are being made by Korea which is constantly trying to improve its DC by increasing its bilateral ODA volume, implementing its Country partnership Strategy (CPS), and aligning its goals with the Sustainable Development Goals, and supporting countries most in need, 54% of its bilateral aid went to countries most in need in 2015 (Peer Review 2018). Thus, among its priority partners (24) and African priority partners (07), Ethiopia and Rwanda, though poor resource countries, are among the highest recipients

of ODA in Sub-Saharan Africa (SSA). Such a move allows room for optimism for an effective and improved DC policy and implementation.

## **2 Theoretical framework**

World political context is primordial in elaborating theories which aim to explain facts, phenomena and predict the future. So is the theory in analyzing a political, economic or social phenomenon.

In the sense that the Cold War somehow led to Development Cooperation birth, we cannot ignore the importance of International Relations while analyzing Development cooperation and when dealing with IR, one can't help talking about its grand theories, Realism, Liberalism and Constructivism. We do recognize that those theories are too broad but at the same time they have the key elements that explain what is happening in the dynamic field of IR and development cooperation is no exception. However, to be more specific in analyzing DC, we will use the Gift Theory of Marcel Mauss that, somehow, gives the perfect frame to explain what is really happening, in terms of actors, components, goals, strategies and practices in DC. In our analysis, we will use the characteristics of the theory to explain the practices and evolution of Development Cooperation in the 21<sup>st</sup> century from the perspective of South Korea development cooperation toward African countries.

Prior to using the gift theory to analyze South Korean Development Cooperation, we looked for different models and theories that could explain Development Cooperation. In our research, we came across different theories and models that try to explain it, like the Rational Choice



Theory (RCT) where only self-interest prevails, Sustainable Development Theory, development theories and other theories but in most of them, there were disconnection between theory and practices in DC. Furthermore, what we were looking for in dealing with those models and theories were, something that could explain DC as it is and not as it should be. Therefore, we think that to be fair in analyzing DC, we need to use the theoretical tools that could explain the nature of development cooperation through the different practices. And, DC couldn't be explained well without understanding what it is about, giving and receiving, hence the gift theory. The main theories defining International Relations, Realism with the rationality of states, liberalism with the importance of cooperation, institutions and new actors and constructivism in the fact that norms, ideas are fundamental in shaping DC from its birth, development and current days' practices, helped a lot in observing the interactions between actors and they also determined the choice for such a theory (based on giving and receiving ) in analyzing South Korea's development Cooperation policy in African countries.

Besides, the different resources we have, from official documents framing DC, to discussions with experts, to data from primary sources or official sites, show that despite the variety of the instruments in play, the gift element is a constant that explains much of South Korea Development Cooperation Policy.

Despite claims from here and there about the motives, one cannot deny when analyzing the data, the presence of different motives that don't necessarily belong to the same model, however, the gift still remains a core element. Nations have their own domestic matters they

have to handle with care, therefore even if they want to assist other countries, their main duty is to protect their own nations and people. Therefore, we find humanitarian, economic, commercial, and political reasons, and all those reasons are embodied through the gifts given or exchanged.

Once arguing for a public support of ODA in the society, Park Kang-ho, Director of the Development Cooperation Division at the Foreign Affairs-Trade Ministry, highlighted the importance of ODA to enhance economic ties, expressing himself in these words: “providing ODA is not a charity or a gift out of sympathy. Rather, we should consider it as a strategic partnership”<sup>5</sup>

Thus, no one could talk about development cooperation without the Gift element. Moreover, it is interesting to diagnose gift to better understand development cooperation. Development cooperation is about giving and receiving, implying exchange of various resources, from physical, financial, technological to non-material. However, as it is mostly between developed countries and developing countries, it obeys to certain characteristics designed and mostly implemented by the donors, the developed countries.

Based on the similarities existing in what happens in reality in the field of DC and The Gift Theory by Marcel Mauss, I found relevant his theory to serve as analytical framework for my research.

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<sup>5</sup> ‘ODA is strategic necessity for survival’ Korea Times, 24 November 2000.

Mauss's Potlatch is a social system which is about an expression of generosity in a competition for honor through events.

He used the North American Indian term 'potlatch' (form of institution, an example of a total system of giving) meaning: 'system for the exchange of gifts', to 'feed', 'to consume', 'place of being satiated', to explain the system. The original idea consists of a festival where goods and services of all kinds are exchanged, I would say traded in commercial terms, because as in trade or commerce, there are reciprocity and interest. And these terms are more than present in current DC. Mary Douglas in the Gift (essay by Marcel Mauss) says: "the whole idea of free gift is based on misunderstanding". According to Mauss, there is no pure gift. And believing that the true gift is for free, is actually what is wrong in the so called 'free gift'. For him, it's a contradiction when a gift does not strengthen solidarity. Indeed, this is an aspect we have seen evolving in colonial ties between former colonies and newly independent countries. Today, it can be expressed in terms like alliance or strong and particular diplomatic relations. Gift creates mutual ties and refusing return gifts break the possibility of relations between individuals, communities or states. Hence the rejection of 'free gift'. Gift in a sense has always existed and enhanced relationships between human beings, because there have always been gifts and counter gifts throughout history and they played key roles in shaping international relations. Gift implies two parties' engagement. And Mauss highlighted the importance of reciprocity in gift giving. "each gift is part of a system of reciprocity in which the honor of giver and recipient are engaged. The basis is that every gift has to be returned in some specific way and this maintains the cycle of exchanges between communities". Like

Development Cooperation and the SDGs, “The theory of the gift is a theory of human solidarity”.

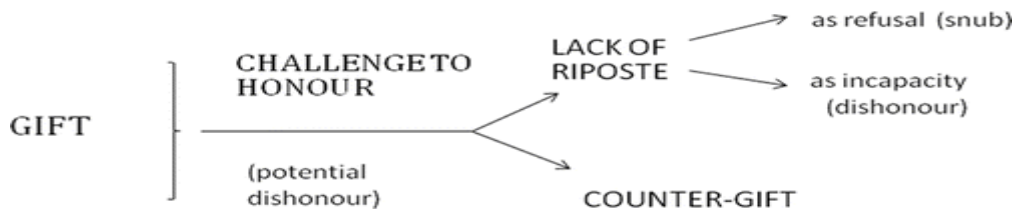
In theory, gifts are voluntary, but in reality they are given and reciprocated obligatory. In theory Development cooperation is humanitarian and altruistic, but in reality it's political and economic interest-based. As stated decades ago by Mauss, “the voluntary character of these total services, apparently free and disinterested but nevertheless constrained and self-interested” remain key characteristics of DC practices. And his question is still update and more than relevant, “what power resides in the object given that causes its recipient to pay it back?” One could also ask the following question: does gift survive where there is no reciprocity? Anyway, reciprocity is a fundamental item of the gift theory.

Gift is very present in human affairs even though donors try to ignore the Gift system. Despite the fact that donors ignore it, they are dependent on relations that the only the gift system provides (Kowalski). They encourage market exchange whereas exchange is the essence of the gift. “Donors give aid to promote autonomy whilst buying influence for themselves” (Kowalski) this again goes with the gift principles that there is no free gift. DC is all about giving and social interactions between people of rich countries and developing countries, and DC has been categorized either as self-interest based or for morality or moral obligation. And the gift theory helps to analyze.

Explaining the Gift theory Kowalski stated that even if a gift is theoretically freely given, it is indeed a challenge to the recipient who must somehow respond by giving a counter gift and

that will determine the relationship between the donor and the recipient in the future. The author argues that giving gift expresses a “desire for a relationship and it is the interest in such a relationship that is the driving force of the exchange”. And the interaction between the donor and the receiver give all the meaning to the gift.

Figure1: The social system of the gift



Source: Robert Kowalski, The gift- Marcel Mauss and International Aid

Behind the gift, there is a challenge to the honor of the recipient which may result in counter gift on one hand or lack of riposte on the other hand, which equates to refusal or incapacity. Riposte or counter gift has not to be immediate but will occur at the appropriate time. And in that respect, Bourdieu (1992) explained that the counter gift has to be different from what you received and not immediately returned because similar gift and immediate return would be perceived as an insult or a negative answer. Mary Douglas (2002) is strongly opposed to “free gift” and highlights that “there should not be any free gift”. According to her, the absence of possible gift return from the recipient, when desired by the donor, implies that there are no mutual ties, and no further interactions. In other words, giving creates mutual ties and refusing return gift breaks the link giving is supposed to create. In the gift theory, gift through

interactions promote exchanges permanently. According to Mauss, the Gift is neither “part of an exchange of equivalent value (expression of self-interest) nor an act of disinterested benevolence (expression of altruism)”. Even if a gift expects nothing in return as stated by Godbout and Caille (2000, p14), there is reciprocation in any gift system. And this is what Mauss observed. For a gift to exist, it should not be disinterested. Mauss (2002, p 4) described the gift as follows: “the present generously given even when, in the gesture accompanying the transaction, there is only a polite fiction, formalism, and social deceit, and when really there is obligation and economic self-interest”. Mauss claimed that what is given is a symbol of the nature of the relationships it enhances. Mauss also said that: “to make a gift of something to someone is to make a present of some part of yourself...one clearly and logically realizes that one must give back to another person what is really part and parcel of his nature and substance (Mauss, 2002, p16). (Godbout & Caille2000, p92) pointed out: “The essence of the gift, it seemed, was that it was not a gift.” Kowalski argued that the “real significance of the gift is in its support for social interactions between strangers” he went on saying that the relationship is more important than the interest in the gift in return. “As such, the gift pre-dates the establishment of market relations”. As Mauss put it, “to trade, the first condition is to lay aside the spear”. It’s like saying that establishing good relations is a key condition to develop trade between partners, and that is what the gift does. Gift creates relationships of solidarity which can be a prerequisite for interested exchange, trade. “Gifts, though not based on interest are not disinterested, “they establish and perpetuate relation of mutual indebtedness” underlined Adloff and Mau. “The gift system is formed by a triple obligation” according to Kowalski-

and as Bourdieu (1992, p98) presented it: “the ‘automatic laws’ of the cycle of reciprocity are the unconscious principle of -obligation to give, the obligation to return a gift and the obligation to receive”. In the gift debate people often talk about altruism and charitable giving. Mauss explained that gift is not as the commonly perceived or traditional gift with no thought of return and no obligation on the recipient. He argued that the gift system is a “contest of honor”, “the gift is with the market and the state the different system of exchange”. Even if the modern society is antithetical to the gift, the gift is more than present today still in this most modern world. This shows if necessary how resilient the gift system is. Kowalski remarked that a gift that is imposed on the giver is not a gift. the gift is a voluntary gift, not imposed. The gift system is about establishing social relations as we saw it through history with South Korea’s engagement in Africa in the sixties and eighties whereas the market and the state are more about exchange of utility. And from the context of social interactions created by the gift system, the market and the state work well. Kowalski again highlighted in his book that There is tripartite system in the system of the gift, giving, receiving and reciprocating. And in that system, as he said: “receiving reinforces giving and again more importantly, reciprocating reinforces receiving”. And failing to reciprocate weakens the relationships of mutuality the Gifts intend to foster. Mauss noted that “the unreciprocated gift still makes the person who has accepted it inferior, particularly when it has been accepted with no thought of returning it” (2002, p.83). he added that: “to give is to show one’s superiority, to be more, or to be higher in rank, magister. To accept without giving in return, or without giving more back, is to become client and servant, to become small, to fall lower (minister)” (2002, p.95). Mauss

argued that, “whilst the Gift is a system of exchange that enables and fosters social relationships, it has nevertheless, the propensity to be expressed as an agnostic relationship that promotes rivalry and destructive forms of behavior”. “Gifts can be deeply patronizing” and Godbout & Caille (2000, p. 8) pointed out: “presents are especially poisonous when they are given or those who proffer them are in one way or another noxious” Actors should be able to take the role of the giver, recipient and reciprocator and this is in relation with the matter of hierarchy, in certain circumstances, the gift is used to gain hierarchical ascendancy and, the way in which the gift is given is quite revealing. Misalignment of the cultural symbolism underpinning an exchange of gift is something that can hinder relations coming from the gift. This implies that the outcomes are determined by the interactions. Kowalski argued that the system of the Gift is paradoxical, reason why gift-giving contains deep ambiguities. We find in the Gift system different notions and motives that primarily are totally opposed, yet, they are all together present in the gift, and that makes of the gift an interesting theory to examine DC where we find the same characteristics. Osteen (2002, p14): “Gifts at once express freedom and create binding obligations, and may be motivated by generosity or calculation, or both”. Under the gift model we can hope for brighter collaboration between donors and recipient countries as Sykes (2005, p.100) put it: “exchanges made to open new relationships open each party to ‘more than they bargained for’ in the trade”. We choose the gift theory to analyze DC because relationships (which is very important) is key element to the gift theory and to DC. In fact, DC mainly exist between countries that have or maintain friendly relationships. In the gift theory we have trust, spontaneity and mutuality. A DC based on the



Gift theory is one that prioritizes relationship, knowing that with relationships, other agendas could be developed like national interest through development assistance and political influence or humanitarian or altruism through Humanitarian Assistance. While giving a gift, the donors should take into account different factors like spontaneity and generosity in relation with the recipients' capacity to reciprocate appropriately to be in line with the gift system. Because "a one-way relationship, disinterested and motiveless, would be no relationship at all" (Godbout & Caille, 2000, p. 7). Gergen and Gergen (1971, p.102) noted: "bilateral aid is aimed at increasing the power or welfare of the donor state". And its implementation through the gift characteristics reconciles those denouncing political and economic interest-based and those advocating for altruism.

### **3 Methodology**

The analysis will be done examining the development instruments used in relation to DC. It will have a look at the data provided by different sources to have a close eye on what DC between South Korea and African countries mean through trade, ODA, FDI, PPP, and so on. And sources like UNCOMTRADE, World Bank, African Development Bank (AfDB), OECD, UN, KOICA, EDCF, MOFA, MOSF will be used.

Dealing with policy and social sciences, non-static areas, requires updated information. So in addition to official documents, books, journal articles, reports and data which are of a paramount importance and widely used in this paper to conduct my analysis, corresponding to a quantitative method of analyzing, we also intend to conduct discussions or interviews with

officials from different institutions in charge of development cooperation between South Korea and Africa and South Korea and Senegal (MOFA officials, MOSF officials, KOICA officials, EDCF officials), scholars, members of the parliament, Korea-Africa center, Civil Society organizations (CSOs) NGOs, Senegal's embassy and contact the Senegalese ministry of foreign Affairs (officials), and examine official documents framing the Korean DC, through articles, books and reviews for a more balanced analysis. And this will allow us to combine both quantitative and qualitative methods for the purpose of an objective analysis. Proceeding in a such a way will help to understand practices that are somehow different to commitments and claimed policies. Thus, we intend first to deal with the South Korean DC with the African continent in comparison with other regions, then we will have a look at the African countries that are part of South Korea's CPS (Ethiopia, Ghana, Mozambique, Senegal, Rwanda, Uganda, Tanzania) and more specifically, present with the existing tools in a more detailed way what South Korea development cooperation is all about with Senegal, our case study, still using statistics provided by official sources dealing with DC data. In analyzing the data, we will observe different elements, like the sectors, in addition to the development tools, ODA (volume), trade (pattern), and FDI to better understand South Korea' DC practices before providing policy recommendations. So basically, we will proceed from a general perspective to a more specific analysis using the same tools that are development instruments mainly used in terms of DC.

# **CHAPTER III : ANALYSIS OF SOUTH KOREA'S DEVELOPMENT COOPERATION POLICY (APPROACH) IN AFRICA**

## **1. Background**

### **a. Overview of main characteristics of the African continent**

Africa, known as the cradle of humanity, has experienced lots of external invasions over time. Discovered in the 15<sup>th</sup> century by European explorers, it has attracted Europeans and Arabs who for the purpose of trade, religious conquest and exploration invaded an important part of the continent, enslaving its people and later sharing it by making of it different colonies that belonged to the European western powers. Thus, Africa was deprived of its civilization with the so called “civilizing missions”, its people and most of its natural resources. And those activities that lasted for centuries deeply affected the African continent with tremendous negative consequences on its people and compromised most of its future. In the early 60s, when most of African countries gained their independence with new territories that separated nations, or put together communities with different cultures and customs, the evil was so deeply rooted, that even today, the notion of nation state is difficult to achieve and the effects are still visible, socially, economically and politically. And such a situation, associated with a persistent lack of leadership, good governance, appropriate policies based on a clear vision led Africa in poverty, corruption, war and despair.

However, the African continent, has not been the only part of the world that suffered from colonization in the former centuries, particularly in the 20<sup>th</sup> century. Countries like South Korea has suffered from Japanese colonization from 1910 to 1945. South Korea also experienced a civil war (1950-1953) that ravaged all its economy. Yet, today South Korea is among the most economically developed countries in the world (11<sup>th</sup>) as of 2016 and is very active in conducting development cooperation policies with developing countries, most of which are from Africa. Having experienced similar political trajectory in terms of colonization, war and struggle for development, South Korea's support for Africa's development is more than needed. Today's Africa is divided into five main regions North, West, Central, East and South that are each fighting different battles but all struggling for development and prosperity. Despite all it went through, Africa remains second in terms of surface area and population and is resources rich. As such, it represents a huge potential for its population as well as the world community. Through our study and analysis, such potential will be related to development cooperation from the perspective of South Korea development cooperation with the African continent.

#### **b. Brief history of Africa-Korea relations**

South Korea and Africa relations are relatively recent and not that developed. This can be explained by many factors among which, geographically distant, different historical contexts and the relations they respectively have with western countries, even though they both suffered from colonization, South Korea by Japan and African countries by European

countries. Thus, both of the two entities were rather following a path they thought more relevant to develop their economies as newly independent countries without much interest in the other. Having similar weak economies in the 1960s, South Korea successfully developed its economy while African countries are still struggling to have emerging economies. The starting point of South Korea and African countries relations can be traced back to the Korean war (1950-1953), triggered in a cold war context led by US and Soviet Union that split the Korean Peninsula into two camps, communists in the North and liberal capitalists in the South. Two African countries sent troops to support the South Korean army. South Africa sent 826 troops and Ethiopia 1271 troops.<sup>6</sup> After the end of the war, in the 1960s and 1970s, in the quest of recognition by the international community, both North Korea and South Korea approached African countries to get their support. Thus, within 5 years from the early 1960s, South Korea established diplomatic ties with 21 African countries: Benin (1961), Burkina Faso (1962), Cameroon (1962), CAR (1963), Chad (1961), DRC (1963), Ethiopia (1963), Gabon (1962), Ivory Coast (1961), Kenya (1964), Liberia (1964), Madagascar (1962), Malawi (1965), Mauritania (1963), Morocco (1962), Niger (1961), Rwanda (1963), Senegal (1962), Sierra Leone (1962), Togo (1963) Uganda (1963). The first presidential visit of a Korean president occurred in 1982 with president Chun Doo-hwan visiting four (04) African countries: Kenya, Senegal, Gabon, and Nigeria. Then, with the end of the cold war and a changing political environment, both in an international stage, in the Korean peninsula with both North and South Korea being member state of the United Nations in 1991, and in Africa regional

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6. <http://www.usfk.mil/About/United-Nations-Command/>

stage, South Korea lost interest in Africa until 2006 with a second presidential visit with President Roh Moo-hun visiting Egypt, Nigeria and Algeria and launching the “Korea’s Initiative for Africa’s Development” to substantially expand the ODA. With that visit, South Korea Africa relations knew a renewal in the mid-2000s with the launching of initiatives and forums to enhance their partnership. As a result of the Korea’s Initiative for Africa’s Development (KIAD), the Korea-Africa Forum (KAF) was launched the same year to strengthen the relationship between Korea and Africa. Since then, it took place in 2009 with the collaboration of the African Union. And during that second edition, Korea committed to double its ODA size for Africa by 2012 from the 2008 level. The forum was held two more times in 2012 and 2016 (the first ever Korea-Africa forum held in Ethiopia, Africa).<sup>7</sup> the Korea- Africa Economic Cooperation (KOAFEC) took place for the first time in November 2006 in Seoul. It became a tool for economic cooperation between South Korea and African countries. It was held in 2006, 2008, 2010, 2012, 2016, and recently in May 2018 in collaboration with the African Development Bank (AfDB).<sup>8</sup>

KOAFIC (Korea-Africa Industry Cooperation Forum) was also launched and held in 2008 and 2009 to boost industrial cooperation between South Korea and African countries. In 2011, President Lee Myung-bak visited South Africa, the Democratic Republic of Congo and Ethiopia to foster and expand Korea’s economic cooperation with African countries. And the fourth presidential visit occurred with president Park Geun-hye visiting Ethiopia, Uganda and

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7. <https://au.int/en/newsevents/31671/fourth-africa-korea-forum>

8. <http://www.koafec-conference.org/conference/about.html>

Kenya in 2016 to enhance cooperation with African countries. Since 2011, with South Sudan, South Korea has diplomatic relations with all 54 African countries. Recently, Korea-Africa relation has evolved in a more economic and political directions with Korea seeking to expand its market, developing its influence in the developing countries and playing a key role in the international community with the UN 2030 agenda for sustainable development. Although there are numerous institutions that have been established to materialize a strong desire for cooperation in various fields and a huge potential for economic outcomes, Korea Africa trade, like the other economic tools or development instruments used between the two entities, is not that developed. It reached 18 billion US dollar in 2014 (MOFA), and is about 1.6% of Korea's total exports. As stated above, lot of institutions have been initiated to impulse the cooperation between South Korea and African countries: KOAFEX (Korea Africa Exchange Association), Korea-Africa Center, Korea's Africa Business Forum, the Korea-Africa Food and Agricultural cooperation (KAFACI), a program launched to promote the Saemaul Undong Initiative (New Community Movement) in African countries and recently the Korea Africa foundation in 2018.

### **c. South Korea Development Cooperation and Africa**

South Korea has a long tradition of delivering ODA to developing countries, dating back in the late 1980s, long before joining the OECD-DAC countries in 2010. African Countries occupy the second place of recipient countries beneficiaries of the Korean ODA after the Asian countries with a percentage of 21 % in the last ten years and 23.9 % as of the year 2015.

Organized from the highest level of the Korean institutions and Administration with the Framework act on International Development Cooperation and the President Decree on International Development Cooperation, to the Committee for International Development Cooperation (CIDC) from the office of the Prime Minister (OPM), the Ministry of foreign Affairs (MOFA), the Ministry of Strategy and Finance (MOSF) and their executing agencies, the Korean International Cooperation Agency (KOICA) created in 1991 and the Korea Exim Bank Economic Development Cooperation Fund (EDCF) 1987, The Korean development cooperation policy obeys to a well-structured organization taking into charge the flows of capital or other resources destined to the developing countries as Development Cooperation. Since it became a member of the OECD Development Assistance Committee in 2010, South Korea has been committed to share its experience with developing countries as the only country that successfully made the transition from the least developed countries (LDCs) to developed economies. In respect to that, it held two important events that shaped the new policies of International Development Cooperation, the Seoul Development Consensus for Shared Growth in 2010 and the Fourth High Level Forum on Aid Effectiveness held in Busan and as a result the “Busan Partnership for Effective Development” was adopted in 2011. South Korea’s policy as a donor is fundamentally shaped to reduce poverty, achieve economic growth and promote sustainable development hence its goal to achieve the MDGs in its mid-term Strategy for Development Cooperation 2011-2015 aligning with the Millennium Development Goals era (2000-2015) and its mid-term strategy for Development Cooperation 2016-2020 taking into account the achievement of the Sustainable Development



Goals (2030 agenda for sustainable development). For its development Cooperation policy to have more impact on the developing countries' economies and be effective, South Korea initiated the Strategic Plan and the Country partnership strategy with 24 countries among which 7 African countries (Ethiopia, Ghana, Mozambique, Rwanda, Senegal, Uganda, Tanzania). With the coordination of the CIDC and its commitment as an OECD-DAC member to meet the SDGs, South Korea's country partnership strategy is the benchmark of its current Development cooperation model. According to the developing country's national development plan, The Country partnership strategy is designed to implement the development policy relevant for the particular partner country and giving more relevance to the ownership principle.

Even though the focus in Sub Saharan Africa has been on public health, water supplies, education and rural development, in accordance with South Korea's policy in Africa: Poverty alleviation and capacity building, each partner country's CPS defines the priorities and the repartition of the funds under the form of Loans and grants in the different sectors.

Despite its constant efforts and increasing volume of ODA, South Korea missed its target of allocating 0.25% of its GNI by 2015 and is far behind the United Nations recommended ODA/GNI ratio of 0.7% for OECD DAC countries.

Furthermore, South Korea's ODA is again far from the average of 0.3% OECD-DAC countries with a ratio of 0.16% to GNI (USD 2.25 billion) as of 2016. However, South Korea is committed to reach the 0.20% ratio to GNI by 2020. Its ODA constitutes an important part

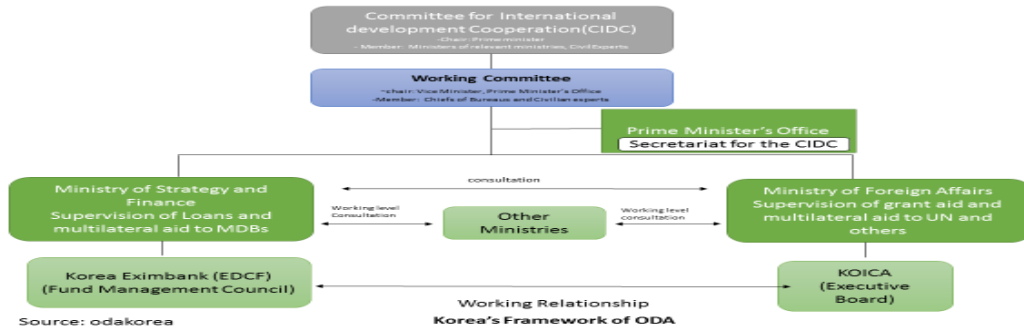
in Development cooperation with African countries, however, trade, Public Private Partnerships, FDI, remittances and non-concessional loans, representing a much more important and efficient part in Development Cooperation do not play an important part in South Korean Development cooperation policy in African countries even if there were quite successful PPPs implementation in Rwanda and Mozambique cases. This means that there is room for the development of Development Cooperation in general and for African countries in particular if we consider that trade in Africa is accounting only for 1.6 % of Korea's total trade.

Our case study on one African country, Senegal, will be used and give a more detailed analysis of South Korea's development cooperation towards the continent. Here follows a brief introduction of Senegal, target country of the study.

## **2. Framework of Korean Development Cooperation**

In the year 2000s with the UN Millennium Declaration, Development Cooperation has become more of a global concern with many of the Millennium Development Goals urging for DC funds, which consequently needed expansion to cover the financial needs. That period coincided with South Korea's increased engagement in DC. And the "Seoul Consensus on Development" (2010) and the "Busan Partnership for Effective Development Cooperation" (2011) adopted in Korea worked as a benchmark of Korea DC in responding to the challenges. As a national policy, all about South Korea's Development cooperation is decided through the following framework:

Figure 2: Korea's ODA framework



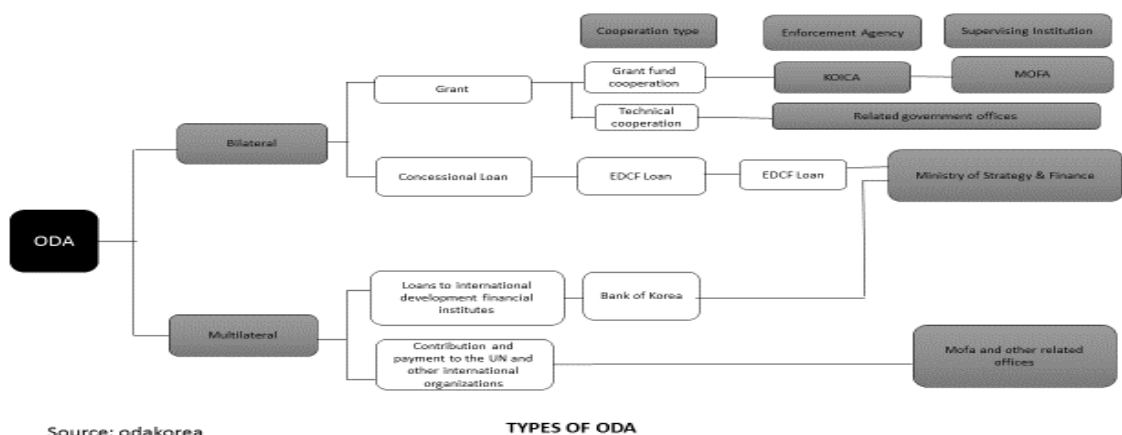
The CIDC, based on the Framework Act, designed The Strategic Plan adopted in 2010. The strategic Plan has set the principles of south Korea DC policy: “(i) to take responsibility as a member of the OECD Development Assistance committee (DAC);(ii) to fulfill its commitment of scaling up the ODA volume;(iii) to strengthen integrated ODA system in accordance with the framework Act.” And this policy is materialized by three core strategies: “(i) developing ODA contents taking advantage of Korea’s development experience; (ii) Enhancing Korea’s ODA system; (iii) Strengthening inclusive partnership for development”.<sup>9</sup>

Along with the Strategic Plan which can be seen as the global strategy, we have the 1<sup>st</sup> Mid-term Strategy 2011-2015 and the second mid-term strategy 2016-2020, that really served as guidelines and roadmaps to Korea’s Development Cooperation Policy as a whole and particularly for African countries. The Priority Partner Countries and Country Partnership Strategy are adopted for more focused, effective and efficient development cooperation actions.

<sup>9</sup> <http://www.odakorea.go.kr/eng.policy.StrategicPlan.do>

Indeed, such a move is what defines South Korea's relations with African Countries in terms of DC, since 2010. Mainly designed to alleviate poverty in accordance with the MDGs and SDGs and support African countries in their development process, Korea's DC in Africa is focused on the seven African countries among its 24 priority partner countries for development Cooperation and each has its specific Country Partnership Strategy (CPS). Though ODA is not the only instrument of development cooperation, it is the main one used when it comes to South Korea Development Cooperation with African countries and same patterns is observed for many other OECD donors. ODA, through grants, loans and technical assistance constitutes the major element that South Korea is using as a donor to support the development process in particular sectors, based on its own development experiences. the EDCF and KOICA are in charge of loans and grants respectively, especially in bilateral flows representing more than 70% of Korea's ODA flows.

Figure 3: Types of ODA



Based on this framework, currently, Korea's ODA policy is designed and materialized in the country partnership strategy 2016-2020 with its 24 countries (11 Asian 7 African, 4 Central and South American and 2 Middle Eastern and CIS countries) to basically tackle issues mostly related to the social and economic sectors more than any other sector in accordance with the partner countries' development plans. As our analysis mainly covers the 2000-2016 period, the data will show South Korea development cooperation with Africa in general and the selected African countries during the period preceding the priority partner countries 2000-2010, the period covering the first mid-term strategy 2011-2015 and the year one of the second mid-term strategy 2016-2020.

#### **a. South Korea Development Cooperation instruments**

##### **i. ODA, Main element of South Korea's Development Cooperation**

As in many other donor countries, ODA is the main tools used in Korea's DC. Without it, it will be difficult to achieve any progress on the field. Korea's ODA volume has drastically increased from USD 1,174 million in 2010 to USD 1,915 million in 2015.<sup>10</sup> Grants are about 60 % of Korea's bilateral ODA over the past 10 years. The focus for sub Saharan Africa is public health, water supply, education and rural development. increase its grants and loan for Africa, (Odakorea).

Among the Korean agencies dealing with Development Cooperation, KOICA and EDCF are the most present because they are dealing with grants and loans respectively, delivering more

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<sup>10</sup> <http://www.odakorea.go.kr/eng.result.Overview.do>

than 75% of the Korean ODA. That reflects, as well, a relatively low multilateral share (about 24%). Moreover, this trend shows again the relative absence of the potential development instruments that can effectively boost South Korea's development Cooperation with African countries. So, the other instruments that can both increase South Korea's engagement in Africa and diversify the approaches, are more or less missing. When we have a look at the level of trade and FDI, as we will in the following parts, we can easily understand why the support in terms of DC is low and not that effective, being focused on ODA.

Table 1: Korea total ODA net disbursements in developing countries in USD million

|                            | 2010  | 2011  | 2012   | 2013   | 2014   | 2015   | 2016   |
|----------------------------|-------|-------|--------|--------|--------|--------|--------|
| Developing countries total | 900.6 | 989.5 | 1183.2 | 1309.6 | 1395.8 | 1468.8 | 1548.5 |
| LDCs                       | 333.9 | 346.7 | 417.0  | 515.3  | 542.0  | 580.1  | 577.7  |
| Other LICs                 | 7.3   | 10.8  | 10.9   | 8.7    | 8.6    | 9.3    | 10.4   |
| LMCs                       | 354.8 | 366.6 | 472.5  | 502.4  | 485.8  | 530.0  | 540.1  |
| UMIC                       | 111.2 | 120.9 | 107.6  | 101.8  | 140.1  | 109.8  | 135.0  |
| Unallocated                | 96.2  | 144.5 | 175.1  | 181.3  | 219.3  | 239.7  | 285.3  |

Source: OECD (2018)

In terms of ODA, Korea's efforts are undeniable, showing an increasing trend in general and mainly for the developing countries and LDCs especially, whereas for many among its donor counterparts, there is either stagnation or decrease of their aid volume during the same period (OECD). However, the increasing trend for the UMICs shows an ODA not only motivated for poverty alleviation with countries mostly in need, but also, for seemingly economic reasons.

Table 2: Share of bilateral ODA by region, 2016, gross disbursements, Korea<sup>11</sup>

|                              |     |
|------------------------------|-----|
| Latin America and Caribbean  | 9%  |
| Europe                       | 0%  |
| Middle east and North Africa | 5%  |
| Sub-Saharan Africa           | 24% |
| South and central Asia       | 15% |
| Other Asia and Oceania       | 31% |

Source: OECD (2018)

In terms of regional distribution of the Korean ODA in 2016, coinciding with the year one of the second mid-term strategy and priority partner countries policy, Africa's share increased to 24 % from its 20% share in 2013(OECD). However, Asian countries remain by far the main recipients of Korean ODA.

Along with the increase of funds destined to developing countries, we also observe the importance of the disbursed amounts in the sectors that shows the focus of the Korean ODA during the studied period 2000-2016. Indeed, it's has a strong link with the MDGs since it is focused on the social sector mainly. At the same time, the increase in the social sector, goes hand in hand with the economic sector, which reveals also a particular interest in that sector.

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<sup>11</sup> 15% of bilateral ODA allocated was unspecified by region in 2016. And the share is not represented on the table.

Table 3: Korea ODA by sector in USD million

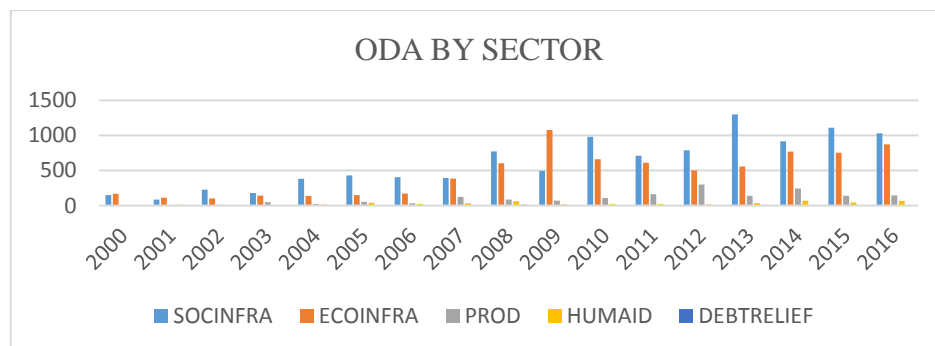
|            | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006  | 2007   | 2008   | 2009    | 2010   | 2011   | 2012   | 2013   | 2014   | 2015    | 2016   |
|------------|--------|--------|--------|--------|--------|--------|-------|--------|--------|---------|--------|--------|--------|--------|--------|---------|--------|
| SOCINFRA   | 148.16 | 84.85  | 226.87 | 178.42 | 382.55 | 429.06 | 404.1 | 392.49 | 771.99 | 494.64  | 979.01 | 709.69 | 788.35 | 1299.7 | 914.73 | 1110.55 | 1030.7 |
| ECOINFRA   | 167.57 | 112.03 | 101.36 | 141.85 | 137.67 | 148.8  | 171.4 | 385.19 | 603.97 | 1077.66 | 659.68 | 609.18 | 500.99 | 557.14 | 768.92 | 754.43  | 871.43 |
| PROD       | 7.3    | 7.89   | 10.15  | 49.87  | 22.88  | 54.14  | 33.59 | 123.33 | 85.89  | 70.29   | 108.55 | 162.13 | 298.74 | 140.68 | 242.14 | 139.94  | 145.33 |
| HUMAID     | 0.7    | 12.31  | 4.19   | 3.9    | 15.7   | 39.72  | 24.68 | 33.95  | 61.87  | 17.38   | 22.39  | 21.63  | 17.07  | 36.44  | 68.97  | 43.86   | 67.25  |
| DEBTRELIEF |        |        |        |        | 4.54   |        |       | 11.46  |        | 2.55    |        |        |        |        |        |         |        |

Source: OECD (2018)

In line with the MDGs from the early 2000s, The Korean ODA is mainly destined to the social infrastructures and services, followed by the economic sector and the production sector at a lesser level. That has been the general trend throughout the period of the analysis. However, humanitarian aid and debt relief, although more in line with the humanitarian aspect of ODA, have never played a key role in Korea's development, they are rather neglected. For the debt relief, it is an understandable fact, since Korea as a relatively new donor and member of the OECD/DAC hasn't been lending funds for longer periods in comparison to other donors, to start such a policy. On the other hand, many LDCs are facing domestic situations that require substantial Humanitarian Aid, but the Korean ODA doesn't spend much in that sector (USD 67.25 million as of 2016), in comparison to its aid volume(OECD).



Figure 4: Korea's ODA by sector 2000-2016

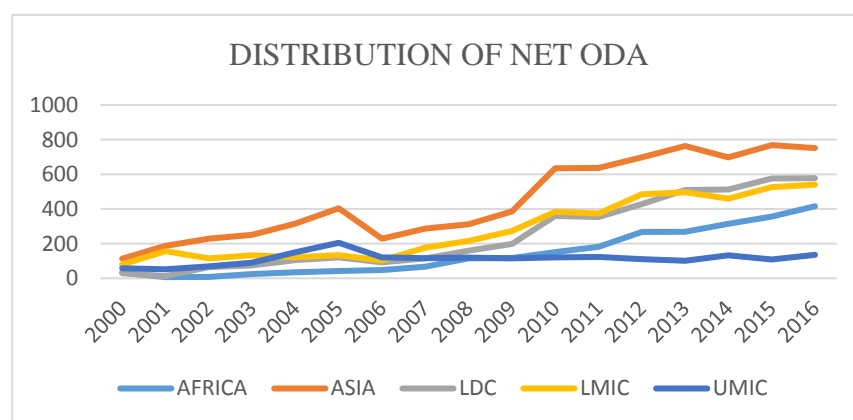


Source: OECD (2018)

Since it became member of the OECD/DAC, Korea has tremendously increased its ODA to developing countries and the biggest share is destined to the low income countries. And as the 34 among the LDCs are African countries, we can easily understand the increase of ODA flows to Africa. From the table below, we can observe the change of pattern from 2013 onwards, a change in favor of LDCs, enhancing Korea's engagement in alleviating poverty in countries most in need which is in line with the SDGS, it committed to help developing countries achieve. Even though, Korea's share of ODA in Africa has grown over the years, from 2.7% in 2002 to 24.4 % in 2015, reflecting the increasing economic ties, the Asian region received 52.7% of Korea's bilateral ODA (OECD), and remains the major destination of Korea's ODA. It's not a secret that Korea's ODA volume is mainly concentrated in the Asian Region.

South Korea's total Bilateral ODA is primarily focused on Asia and Sub-Saharan Africa. In 2016, USD 460.1 million was allocated to Far East Asia and USD 249.4 million to South and central Asia. USD 395.7 million was allocated to Sub-Saharan Africa.

Figure 5: Distribution of net ODA from 2000 to 2016 in USD million



From 2000 to 2016, we can see the constant focus of Korean ODA in Asia, compared to Africa and Lower

Source: OECD (2018)

income countries. Despite

the fact that 34 out of 48 countries among the countries most in need are in the African continent, the pattern doesn't change much until 2013. And it is reflected both in the region and income level. Asian countries receiving ODA are more LMIC whereas African countries receiving ODA are almost all LDC except a few cases. However, it is to be noted as stated earlier that there is a growing trend of the share of African countries over the years.

As a summary of the Korean ODA to Africa, the table below is quite relevant. It shows the ODA composition and types and the aid volume distributed to Africa in the period 2000-2016. One of Korean ODA particularity is its high ratio of loans compared to grants and average

ratio of OECD/DAC member countries. The volume of loans to Africa was even more important to grants during the years 2013 to 2016 (table). Only during the period from 2006 to 2012, were grants to Africa more important than loans, reflecting the beginning of Korea's engagement to double its ODA size to Africa.

Table 4: Korea ODA to Africa, 2000-2016 total USD million

| Korea ODA to Africa, Total USD million |                  |              |                                     |                   |                          |                         |                     |
|--|------------------|--------------|-------------------------------------|-------------------|--------------------------|-------------------------|---------------------|
|  | Grants,<br>Total | ODA<br>Loans | Gross<br>ODA<br>Loans: Total<br>Net | ODA: Total<br>Net | Technical<br>Cooperation | Development Food<br>Aid | Humanitarian<br>Aid |
| 2000                                   | 6.97             | 28.35        | 26.19                               | 33.17             | 3.21                     | ..                      | 0.26                |
| 2001                                   | 6.51             | 4.21         | 0.15                                | 6.68              | 3.74                     | ..                      | ..                  |
| 2002                                   | 11.49            | 0.33         | -3.55                               | 7.94              | 5.43                     | ..                      | 0.6                 |
| 2003                                   | 11.7             | 15.59        | 13.06                               | 24.75             | 7.1                      | ..                      | 0.14                |
| 2004                                   | 18.1             | 18.28        | 16.11                               | 34.21             | 8.86                     | ..                      | 0.3                 |
| 2005                                   | 19.24            | 26.48        | 22.94                               | 42.17             | 11.85                    | ..                      | 0.45                |
| 2006                                   | 26.15            | 25.31        | 21.77                               | 47.94             | 15.56                    | ..                      | 0.77                |
| 2007                                   | 49.56            | 20.98        | 17.52                               | 67.08             | 26.32                    | ..                      | 1.93                |
| 2008                                   | 81.54            | 37.25        | 33.89                               | 115.42            | 38.78                    | 1.46                    | 2.08                |
| 2009                                   | 85.02            | 34.77        | 31.77                               | 116.78            | 38.08                    | ..                      | 1.16                |
| 2010                                   | 109.56           | 44.51        | 41.58                               | 151.15            | 40.67                    | ..                      | 3.93                |
| 2011                                   | 123.67           | 61.27        | 58.18                               | 181.82            | 52.13                    | 1.94                    | 11.41               |
| 2012                                   | 140.79           | 130.11       | 126.99                              | 267.79            | 61.65                    | 2.03                    | 6.44                |
| 2013                                   | 132.94           | 138.38       | 135.82                              | 268.76            | 57.32                    | ..                      | 4.02                |
| 2014                                   | 153.51           | 166.59       | 161.2                               | 314.71            | 60.9                     | ..                      | 11.31               |
| 2015                                   | 176.88           | 183.09       | 179.15                              | 356.03            | 60.64                    | 0.46                    | 7.65                |
| 2016                                   | 197.05           | 224.01       | 218.59                              | 415.64            | 60.62                    | 4.84                    | 21.38               |

Source: OECD. stat

Recently, Korea's engagement to Africa is more Sub-Saharan African oriented in general, with the African priority partner countries all located in Sub-Saharan Africa. In the past, countries like Egypt, Libya, and Algeria with oil, and bigger markets used to receive

important volumes of funds as Korean ODA. Since it joined the OECD/DAC, South Korea ODA to sub-Saharan Africa has been on an increasing trend in general with the implementation of the first and second mid-term strategies. Some decrease occurred, but countries like Senegal, Mozambique, Uganda and Ethiopia received more ODA in 2016, year one of the second priority partner country policy. Ensuring an effective ODA, has been one key motive of the priority partner country initiative and it largely explains the general increasing ODA trend for the targeted countries. Thus seventy % of Korea's ODA is destined to its priority partners.

Table 5: Korea total ODA net disbursements in Africa USD million

|                 | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
|-----------------|-------|-------|-------|-------|-------|-------|-------|
| NORTH OF SAHARA | 15.2  | 19.7  | 17.9  | 17.7  | 16.1  | 16.0  | 16.4  |
| SOUTH OF SAHARA | 117.2 | 149.0 | 230.8 | 251.0 | 313.3 | 341.5 | 391.5 |
| ETHIOPIA        | 10.2  | 11.6  | 20.4  | 27.3  | 42.9  | 46.0  | 61.6  |
| GHANA           | 6.7   | 5.1   | 23.4  | 9.9   | 15.8  | 39.8  | 23.2  |
| MOZAMBIQUE      | 1.1   | 6.5   | 25.1  | 57.1  | 56.5  | 42.3  | 46.0  |
| RWANDA          | 6.9   | 5.8   | 7.1   | 12.5  | 16.5  | 20.9  | 18.3  |
| SENEGAL         | 14.9  | 8.7   | 31.7  | 17.3  | 19.9  | 10.03 | 36.6  |
| TANZANIA        | 21.5  | 20.9  | 50.6  | 56.9  | 79.8  | 71.3  | 63.6  |
| UGANDA          | 1.9   | 2.4   | 4.0   | 11.4  | 12.2  | 23.0  | 27.7  |
| Africa total    | 139.9 | 178.4 | 261.0 | 271.7 | 332.7 | 358.8 | 415.6 |

Source: OECD (2018)

And as Asia with eleven priority countries constitute the main partner region for Korea, it benefits more than any other region from the Korean ODA, even though 34 out of the 48 least developed countries are in Africa. These facts suggest other reasons for ODA delivery than moral obligation towards needy countries, or humanitarian reasons as often claimed. Mauss's Gift Theory about giving, receiving and reciprocating perfectly explains the way Korean ODA is delivered. Where there is less chance for reciprocation, less aid is disbursed.

Table 6: Korea total ODA net disbursements in USD million Asia

|                              | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|
| South and central Asia total | 283.9 | 232.6 | 240.3 | 300.9 | 258.0 | 203.9 | 228.0 |
| Far east Asia total          | 263.4 | 339.4 | 389.7 | 416.8 | 390.7 | 485.3 | 428.6 |
| Asia total                   | 587.3 | 625.1 | 679.9 | 771.7 | 738.0 | 774.5 | 751.5 |

Source: OECD (2018)

As a snapshot, this table below, with 2016 data, shows the main actors (KOICA and EDCF), aid category (Bilateral and Multilateral) and types (grants and loans), and share of the Korean ODA

Table7: Korea's ODA performance in 2016 in million USD

|                          |          |
|--------------------------|----------|
| ODA TOTAL                | 1,964.96 |
| KOICA contribution       | 551.84   |
| KOICA Contribution %     | 28.08    |
| Bilateral Aid            | 1,537.74 |
| Grant aid                | 985.90   |
| KOICA contribution       | 551.84   |
| Credit assistance (EDCF) | 551.84   |
| Multilateral Aid         | 427.22   |
| ODA/GNI ratio (%)        | 0.14     |

Source: 2016 KOICA annual report

### **KOICA, the Korean agency for grants**

KOICA total grants (aid) amounted in 2016: 640,486 million KRW/ USD 551,863 thousand. Even though, with the peer review 2008, 2012 and 2018, the level of grants of Korea's ODA has repeatedly been object to remarks and critics, it's to be noted that it has positively evolved with a constant increase. Not as much as the DAC average, but its increase is a fact. Handled by the Korean International Cooperation Agency (KOICA), Grants, as stated earlier represent about 70 % of Korea's ODA, and the table below shows its distribution among regions from 2000 to 2016.

Table 8: KOICA grants (aid) disbursements from 2000 to 2016 by region in USD

| Region               | grants        | percentage | Number of projects | Number of countries |
|----------------------|---------------|------------|--------------------|---------------------|
| Asia                 | 2,108,695,134 | 41.3%      | 1455               | 23                  |
| Middle-East Asia     | 472,106,617   | 8.9%       | 272                | 14                  |
| Africa               | 896,542,299   | 17.5%      | 995                | 55                  |
| Latin America        | 522,450,000   | 10.2%      | 588                | 35                  |
| Oceania              | 39,395,04     | 0.8%       | 129                | 15                  |
| Eastern Europe & CIS | 254,543,402   | 5%         | 254                | 33                  |
| Multilateral         | 281,719,505   | 5.5%       | 104                | 5                   |
| Others               | 546,788,208   | 10.7%      | 13                 | 0                   |

Source: 2016 KOICA Annual Report

As observed in the table, Africa is second in terms of recipients after the Asian countries with a share of 17.5% and with projects in all African countries, which shows Korea's interest in supporting the continent through the development process but again such a diversity means less scale of the interventions and consequently less impact. This is one of the key reasons why the Korean government decided to adopt the CPS for development effectiveness. We have dealt with African CPS in the analysis of DC with priority partner countries.

The total ODA by sector from 2000 to 2016, shows clearly that the south Korean's KOICA is mainly focused on social issues followed by economic infrastructures and production sectors. As for the general pattern of South Korea's ODA, the other sectors like debt relief,

humanitarian assistance, program assistance are less present. These sectors constitute the main ones when it comes to its interventions in the African continent.

Table 9: KOICA ODA by sector 2000-2016 in USD <sup>12</sup>

|                                   | AMOUNT        | NATIONS | PROJECTS |
|-----------------------------------|---------------|---------|----------|
| HEALTH                            | 836,724,198   | 123     | 660      |
| EDUCATION                         | 1,209,550,397 | 140     | 655      |
| PUBLIC ADMINISTRATION             | 949,261,796   | 167     | 1372     |
| TECHNOLOGY, ENVIRONMENT, ENERGY   | 686,849,878   | 161     | 309      |
| AGRICULTURE, FORESTRY & FISHERIES | 580,480,004   | 137     | 414      |
| EMERGENCY RELIEF                  | 205,188,383   | 123     | 424      |
| OTHERS                            | 654,185,549   | 116     | 51       |

Source: KOICA

### **EDCF, the Korean agency for concessional loans**

As stated in the EDCF ACT (EDCF annual report 2016) p4-5), “the objective of EDCF is to promote a win-win relationship between Korea and developing countries in which Korea supports the economic development of partner countries and builds closer economic cooperation with them”. The objective is to extend concessional loans to provide effective support to build economic infrastructure in developing countries, key element in the development process, and help them to achieve poverty reduction first and economic

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<sup>12</sup> <http://stat.koica.go.kr/ipm/os/acms/smrizeBsrList.do?lang=en>



development, by the end of the process. EDCF has supported economic and social infrastructures for sustainable development in partner countries. Since its foundation in 1987, EDCF, has approved USD 13,179 million in loans for a total of 375 projects in 53 countries and disbursed USD 5361 million in loans as of the end of 2016. Its loans disbursements reached USD 610 million for 108 projects in 32 countries for 2016 only (EDCF annual report 2016).

Table 10: Cumulative total at the end of 2016 USD MILLION

| region      | commitments                             | disbursements             |
|-------------|---|---------------------------|
| Africa      | 2813 million 64 projects 20 countries   | 1086 million 55 projects  |
| Middle east | 297 million 11 projects 2 countries     | 200 million 10 projects   |
| Europe      | 381 million 12 projects, 7 countries    | 325 million 12 projects,  |
| Oceania     | 13 millions 1 project, 1 country        | 7 million, 1 project      |
| Asia        | 8846 million 259 projects, 16 countries | 3410 million, 224projects |
| America     | 830 million 28 projects, 7 countries    | 333 million 24 projects   |

Source: EDCF report 2016

The Korean government has decided to introduce development finance to enhance economic cooperation between Korea and developing countries to help developing countries in their development process. As one of the major agencies of the Korean ODA, EDCF plays a key role for that purpose. And for the African context, the KOAFEC established in 2006 and which aims to achieve shared prosperity of Korea and African nations and promote the economic cooperation between Korea and Africa holds conferences every two years to discuss Africa' s economic challenges and promote development finance for the development of the

African continent. Introducing development finance into the KOAFEC context, and in the SDGs era, not only helps strengthen the economic ties between ROK and the African countries but it also makes development cooperation more efficient and effective. During the KOAFEC conference, in October 2016, EDCF, MOSF and AfDB organized the 5<sup>th</sup> edition of the conference in Seoul. It resulted with the Korean government announce of the KOAFEC action plan 2016-2018 with its USD 50 million financial package which consists of EDCF loans, export finance, trust fund, and KSP for the development of the African region. “That action plan with 58 priority projects carries hopes to enhance Korea’s economic partnership with the partners in Africa” (EDCF). Indeed, KOAFEC has allowed cooperation in six priority sectors since its creation, infrastructure, information communications and technology, human resources, sharing development experiences, agricultural development and green growth. In addition, the Public Private Partnership Forum was launched in the 2016 conference to boost development finance and economic cooperation by associating the Private sector (KOAFEC).<sup>13</sup> The tables below give a clear idea of The EDCF interventions in terms of regions across the globe, projects and sectors as of the year 2016. Its activities increased over the years and reached new volume record in 2016. As for the grants, EDCF loans are also Asia oriented and even more than grants. and the economic sectors like transportation (37.3%) and energy (13.9%) received more funds than the social sectors like health (11.6%) and education (8.0%). However, Water resource and sanitation reached (14.2%).

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<sup>13</sup> <http://www.koafec-conference.org/>

Table 11: EDCF support in 2016 in USD dollar (highest record since 1987)

|               |              | Number of projects | Number of countries |
|---------------|--------------|--------------------|---------------------|
| commitments   | 1430 million | 24                 | 14                  |
| disbursements | 610 million  | 108                | 32                  |

Source: EDCF

Table 12: Regional distribution of loans 2016 commitments and disbursements

| Region      | commitments | distribution |
|-------------|-------------|--------------|
| Asia        | 67.4%       | 50.3%        |
| Africa      | 21.8%       | 35.5%        |
| America     | 10.8%       | 9.7%         |
| Middle East | 4.2%        | ...          |

Source: EDCF

Table 13: Loan commitment by sector 2016

| transportation | Water resources , sanitation | health | Public administration | Education | Etc... |
|----------------|------------------------------|--------|-----------------------|-----------|--------|
| 45.9%          | 17%                          | 4.5%   | 1.9%                  | 13.3%     | 17.4%  |

Source: EDCF

Table 14: Loan disbursement by sector 2016

| transportation | Water Resource, sanitation | health | Energy | Education | Etc... |
|----------------|----------------------------|--------|--------|-----------|--------|
| 37.3%          | 14.2%                      | 11.6%  | 13.9%  | 8.0%      | 15.0%  |

Source: EDCF

South Korea's Development Cooperation tools towards developing countries go beyond ODA through grants loans and technical assistance as one can observe it while observing or analyzing development related data. However, they are mainly Asia oriented. When it comes to the African countries, there is a lack of development cooperation instruments, ODA seems be the only instrument the Korean DC is willing to use in the African continent.

## ii. Korea's FDI to Africa

FDI is one of the development instrument that plays a key role in the development process. Indeed, with FDI, follow employment, know-how, innovation, infrastructure development and economic growth. Unfortunately, Africa, as shown in the table and figure below is the continent that received the least in terms of FDI from Korea (2008-2012) despite the potential it has as a promising market.

As the challenges are too big to be successfully overcome by ODA funds, developing and encouraging instruments like FDI and trade are more than needed. And as South Korea's DC is geared towards the SDGs, developing FDI will serve as a link to connect economic cooperation and development cooperation. Realizing SDGs will be a giant step in the development process of developing countries. Development Cooperation using FDI helps

achieve the SDGs, in the fact that FDI has direct impact in the recipient countries economy, infrastructures and human capital. Unfortunately, Korean FDI to Africa has a long journey to go to add to development cooperation efficiency. As shown in the table below, Africa is by far the last destination of Korean direct investment despite the size of the market and need of economic infrastructure services and construction as well as social infrastructures, that could interest Korean companies in the expansion of their enterprises and market shares.

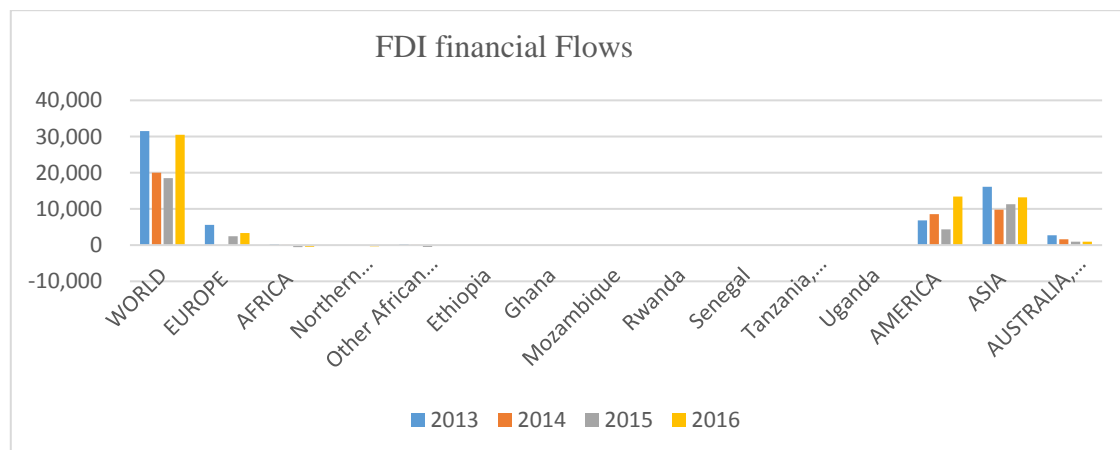
Table 15: Korea foreign direct investment flows by country in USD million

| MILLION U<br>YEAR | KOREA FOREIGN DIRECT INVESTMENT FLOWS BY COUNTRY |        |        |         |          |         |         |         |         |         |
|-------------------|--|--------|--------|---------|----------|---------|---------|---------|---------|---------|
|                   | INWARD   |        |        |         |          | OUTWARD |         |         |         |         |
|                   | 2008   | 2009   | 2010   | 2011    | 2012     | 2008    | 2009    | 2010    | 2011    | 2012    |
| AFRICA O          | 33   | -60.4  | 22.4   | 33.6    | 12.7     | 320.4   | 356.6   | 236.4   | 314.5   | 298.2   |
| EUROPE            | 1925.6   | 2906.1 | 3382.6 | 3984.5  | 1812.3   | 1634.5  | 5134.2  | 6682.7  | 4407.7  | 5299.3  |
| AMERICA           | 1302.9   | 1273.9 | 1753.7 | 2251.2  | 3081.2   | 4617.9  | 6332.5  | 6728.7  | 8840.3  | 7213.3  |
| ASIA              | 2852.6   | 1646.2 | 3410   | 3804.5  | 5952.6   | 10076.7 | 7787.2  | 12204.4 | 12103.3 | 12297.2 |
| OCEANIA           | 96   | 257    | 101    | 37      | 71.9     | 654.6   | 649.3   | 969.4   | 1300.6  | 2249.6  |
| UNALLOC.          | 1393.1   | 563.5  | -552.5 | 135.7   | 186.7 .. |         | 0 ..    |         | 24.4    | -2.8    |
| WORLD             | 7603.2   | 6586.3 | 8117.1 | 10246.5 | 11117.4  | 17304   | 20259.7 | 26820.7 | 26988.8 | 27354.7 |

Source: OECD

With the figure below, we can easily see how weak Korea's investment in Africa is compared to the other regions during the selected period 2013-2016. It hasn't reach USD 2.5 million for any of the selected countries from 2000 to 2012 except Ghana where it even reached USD 23.5million in 2009 and Mozambique in 2012 with USD 15.1 million (OECD). Despite the implementation of the Strategic Plan and the mid-term strategies 2011-2015 and 2016-2020 with seven African countries, and their CPS, not much has changed in terms FDI so far, it became even worse.

Figure 6: Korea's FDI flows USD million



Source: OECD. stat

Moreover, despite its important investment in sectors that are of a big interest to the development of African countries like the primary sector, the manufacturing sector, the construction sector and so on, the Korean investment is more oriented in Asia, America and Europe. This, again show the unbalanced use of development tools in Korean DC. Though important, ODA flows without important FDI in these sectors will not be enough to boost the economic growth of developing countries.

Table 16: Korea Foreign Direct Investment flows by industrial sector

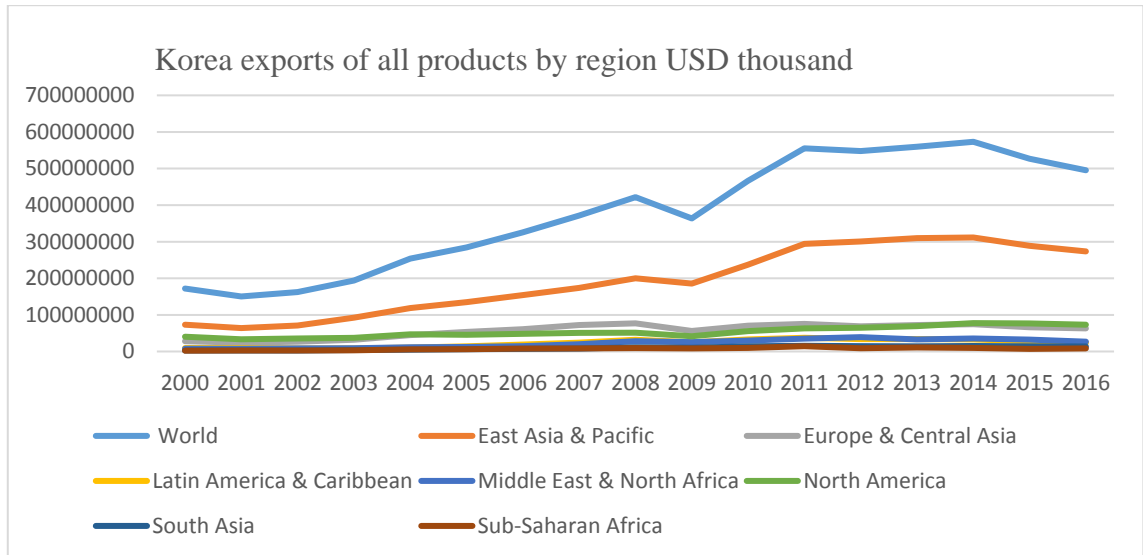
| KOREA FOREIGN DIRECT INVESTMENT FLOWS BY INDUSTRIAL SECTOR |        |        |        |         |         |         |         |         |         |         |
|--|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|
| MILLION US DOLLAR  | INWARD |        |        |         |         | OUTWARD |         |         |         |         |
| YEAR   | 2008   | 2009   | 2010   | 2011    | 2012    | 2008    | 2009    | 2010    | 2011    | 2012    |
| PRIMARY SECTOR   | 29.5   | 38.4   | 8.2    | 7.9     | 20.6    | 3565.3  | 5518.1  | 7118    | 6757.4  | 5291.5  |
| MANUFACTURING  | 669.8  | 708.1  | 2365.4 | 3910    | 4984    | 5474.3  | 7047.2  | 10133   | 10285.8 | 11037.3 |
| ELECTRIC, GAS AND WATER                                    | 106.6  | 67.2   | 93.1   | 29.5    | 143.4   | 70.5    | 489     | 294.5   | 512.8   | 753.2   |
| CONSTRUCTION   | 182.8  | 4.9    | 20.6   | -25.6   | 17.4    | 688.7   | 284.8   | 156.8   | 303.9   | 1069.2  |
| SERVICE  | 4619.7 | 4086.8 | 4582.2 | 5174.1  | 6661.2  | 7505.1  | 7320    | 9115    | 9102.3  | 8203.5  |
| UNALLOCATED INVESTMENT                                     | 1994.9 | 1680   | 1047.6 | 1150.5  | -709.5  | 0 ..    |         | 0       | 26.5 .. |         |
| TOTAL  | 7603.2 | 6586.3 | 8117.1 | 10246.5 | 11117.4 | 17304   | 20259.7 | 26820.7 | 26988.8 | 27354.7 |

\*Unallocated means not to any specific continent or sector. Source: OECD (2014)

### iii. Korea trade with Africa

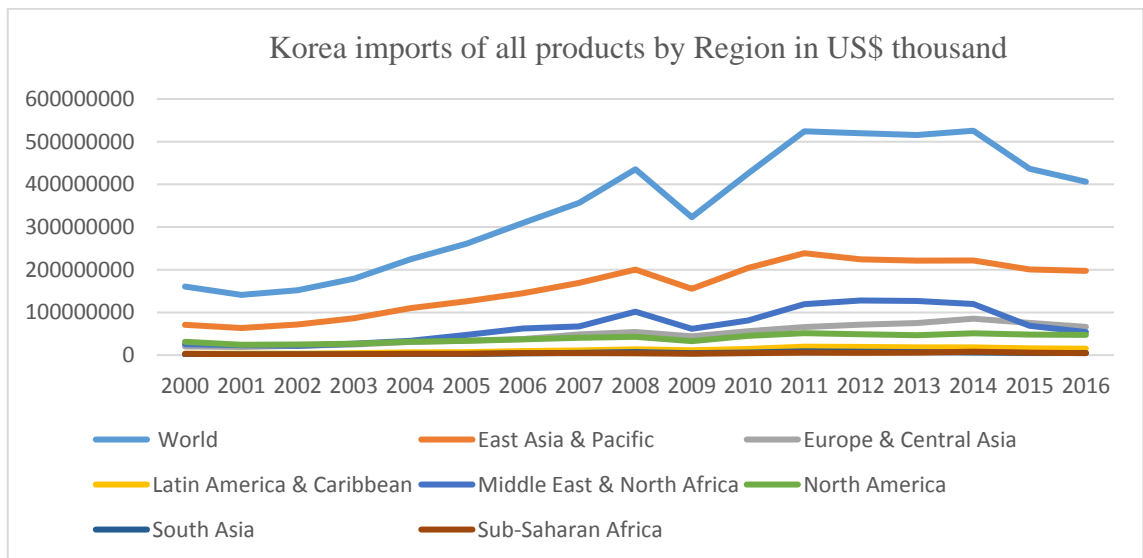
As observed in the Korean FDI flows, Korea's Trade with Africa is very low compared to other regions, both in terms of exports and imports. Such a trend hasn't evolved much either over the 16 years covered by the study. Imports from Africa are mainly composed of natural resources and agricultural products, without much value added and the exports is mainly composed of manufactured products, automobiles, electronics and so on. Korea's import in Africa is mainly through North Africa because of the oil products, and what we observe from the data, shows clearly that trade is not an instrument that plays an important role in South Korea's development cooperation at least when it comes to the African development in general. Trade is more interest oriented, and it can in fact in the case of the northern African countries coincide with an increase of the ODA volume in the mid-2000s.

Figure 7: Korea exports of all product by region USD thousand



Source: world Bank

Figure 8: Korea imports of all products by region in USD thousand



Source: world bank



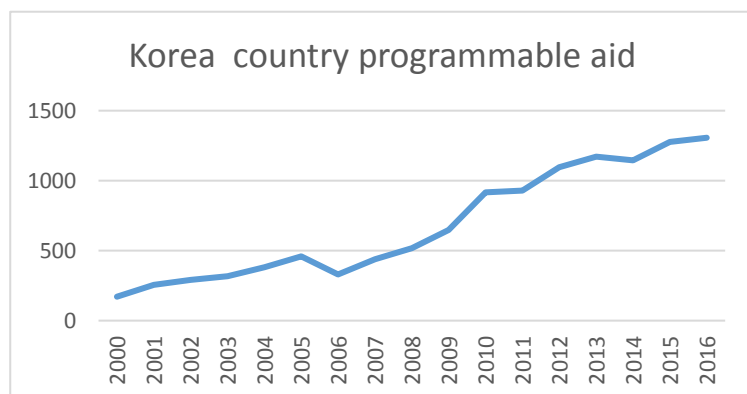
### **3. Analysis of the development cooperation tools in Priority**

#### **Partners countries in Africa**

##### **a. South Korea ODA to Its African Priority countries**

Whereas assistance to Africa and LDCs is falling when it needs to rise, South Korea's ODA is increasing over the years, contrasting with other DAC donors. Gross bilateral ODA to the African continent fell by 10% in real terms between 2011 and 2016. Bilateral ODA to Sub-Saharan Africa fell by 13% in real terms between 2011- 2016, (OECD). However, South Korea's increase of ODA volume over the years, doesn't wipe away many of the problems it is still facing in its Aid system. And many of them are mentioned by the peer review 2018. Korea is trying to catch up with its low ODA/GNI ratio of 0.16%, its highly tied ODA, untied ODA for Korea was 56 in 2016, while the DAC average is 81.2 %. And while the UN target to allocate 0.15% of GNI as ODA to the LDCs, South Korea provided about 0.05% of its ODA to the LCDs in 2016. The grant element was 93.4% in 2016. In 2016, 69.9 % of ODA was provided bilaterally and Korea gave 30.1% of its aid as core contributions to multilateral organizations, Korea's share of loan in gross bilateral ODA is about 39% in 2016. And 61% of grants in gross bilateral ODA (OECD,2018). However, the determination and efforts to solve those problems are reflected in Korea's ODA orientation and implementation. In 2016, 80.5% of Korean bilateral ODA was programmed with the partner countries which is high proportion of country programmable aid. And project type interventions amounted to 80% of CPA.

Figure 9: Korea country programmable aid evolution (Million USD)



To improve its development cooperation efficiency and effectiveness in relation to recipient countries, Korea ODA is mostly delivered through the CPA along with

Source: OECD (2018)

the CPS. In the CPS with African

countries, such a move is reflected with sectors and projects clearly designed. But observing the table below, even if CPA doesn't take them into account, one could again question the place of debt relief and humanitarian assistance in South Korea's ODA. As we already showed it in different tables, Korea's ODA is not much oriented in debt relief and humanitarian Assistance, even though many of its African partners still need them.

Tableau 17: Composition of bilateral ODA, 2016 gross disbursements, Korea

|                           |      |
|---------------------------|------|
| Country programmable aid  | 81%  |
| Debt relief               | ...  |
| Humanitarian and food aid | 5%   |
| Imputed student cost      | ...  |
| Other and unallocated     | 9%   |
| Refugees in donor country | .... |
| Support to NGOs           | .... |

|                      |    |
|----------------------|----|
| Administrative costs | 5% |
|----------------------|----|

Source: OECD

Even with the implementation of the first Country Partnership strategy, Korea ODA didn't necessarily focused on its priority partner countries in Africa, contrasting with its engagement. However, a more global positive aspect is to be noted, that is more engagement in the continent as a whole during the same period. And during the first year of the second Country Partnership Strategy (2016), its priority partner countries are the top five recipients of its ODA in the continent, giving more meaning to the CPS.

Tableau 18: Top five Korean ODA recipients in Africa

|                 | 2010     | 2011     | 2012       | 2013       | 2014       | 2015       | 2016       |
|-----------------|----------|----------|------------|------------|------------|------------|------------|
| 1 <sup>st</sup> | Tanzania | Tanzania | Tanzania   | Mozambique | Tanzania   | Tanzania   | Tanzania   |
| 2 <sup>nd</sup> | Angola   | Angola   | Senegal    | Tanzania   | Mozambique | Ethiopia   | Ethiopia   |
| 3 <sup>rd</sup> | Senegal  | Mali     | Mozambique | Ethiopia   | Ethiopia   | Mozambique | Mozambique |
| 4 <sup>th</sup> | Ethiopia | Ethiopia | Ghana      | Senegal    | Senegal    | Ghana      | Senegal    |
| 5 <sup>th</sup> | Rwanda   | Kenya    | Ethiopia   | Rwanda     | Rwanda     | Uganda     | Ghana      |

Adapted from OECD (2018)

To have a closer look at aid disbursement to its current priority countries we looked at the data from 2000 to 2016 to observe the trend. It is interesting to note that long before the adoption of the CPS, Korea's ODA has mainly experienced an increasing trend. This is because that period coincided with Korea's strong engagement in ODA in the early 2000s with the MDGs, its engagement in Africa in the mid-2000s, its OECD-DAC membership in 2010 and its mid-term strategies implementation, 2011-2015 and 2016-2010. Therefore, one could objectively

recognize its ongoing efforts even before it adopted a new approach with the priority country partnership to solve the problem of aid dispersion and lack of effectiveness, and focus on support to sectors according to its development experience and in accordance with the recipient partner countries national development plans.

Table19: Priority Sectors in priority partner countries based on countries CPS 2016-2020

|            |  |
|------------|--|
| Ethiopia   | Health and Sanitation, Rural development , Transport and Energy, Education   |
| Ghana      | Agriculture and Rural Development, Public Health, Education, Energy          |
| Mozambique | Transport, Energy, Water Management and Health, Education                    |
| Rwanda     | Education, Rural Development, ICT  |
| Senegal    | Agriculture and Fisheries, Education, Water Management and Health, Transport |
| Tanzania   | Water Management and Health, Transport, Education, Energy                    |
| Uganda     | Rural development, Education, Health   |

Source: ODA Korea

With the following tables, we can observe the increasing trend of grants flows over time in the priority partnership countries which coincided with a general increasing trend long before the establishment of the priority partner country strategy, reflecting Korea's engagement in ODA and in Africa in particular.

Table 20: Koica (disbursements) to African priority partner countries in USD 2000-2008

|            | 2000    | 2001    | 2002    | 2003    | 2004      | 2005      | 2006      | 2007      | 2008      |
|------------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|
| ETHIOPIA   | 484,580 | 519,118 | 797,769 | 999,430 | 2,026,345 | 2,287,418 | 2,208,117 | 3,182,754 | 4,192,839 |
| GHANA      | 152,152 | 193,660 | 229,655 | 413,519 | 200,010   | 261,465   | 239,557   | 1,591,055 | 2,515,980 |
| MOZAMBIQUE | 53,881  | 63,362  | 44,630  | 98,324  | 39,020    | 163,792   | 104,727   | 192,996   | 202,265   |
| RWANDA     | 31,155  | 23,013  | 81,264  | 34,719  | 54,359    | 71,072    | 340,263   | 981,140   | 1,727,420 |
| SENEGAL    | 64,223  | 142,347 | 216,535 | 267,243 | 370,344   | 298,834   | 799,582   | 2,277,495 | 3,502,791 |
| TANZANIA   | 257,768 | 241,611 | 556,217 | 637,587 | 1,159,293 | 2,273,923 | 3,744,586 | 4,678,025 | 5,068,367 |
| UGANDA     | 151,785 | 144,405 | 276,583 | 104,516 | 213,422   | 118,207   | 162,658   | 1,189,913 | 723,834   |

Figure 10: Grants to African Priority Countries in USD 2000-2008

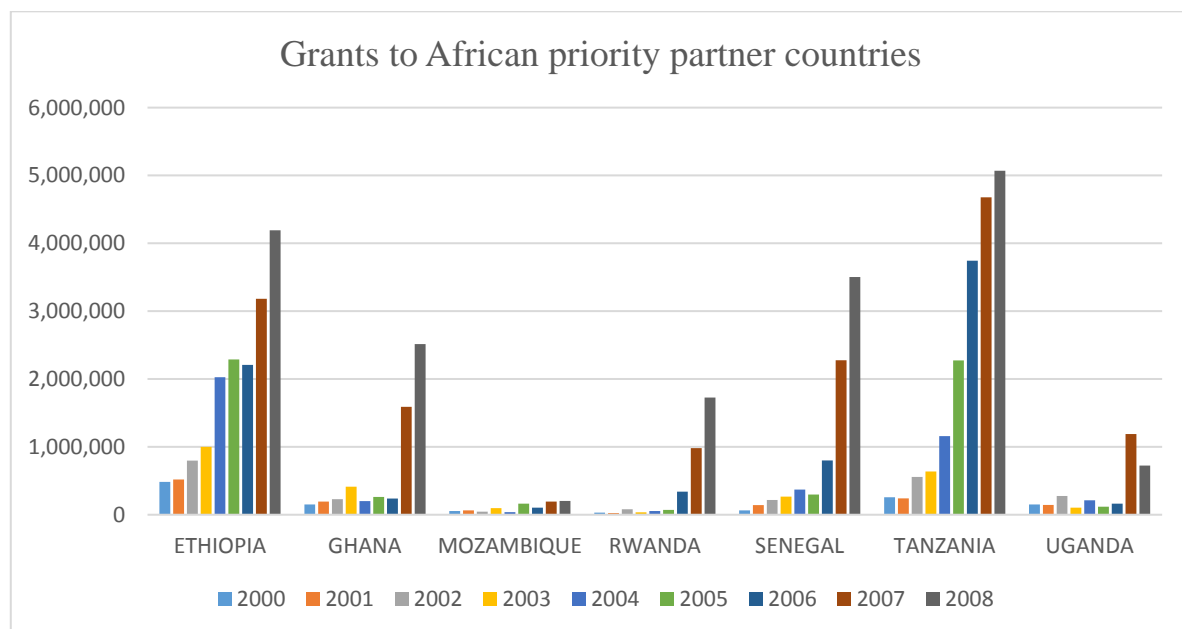
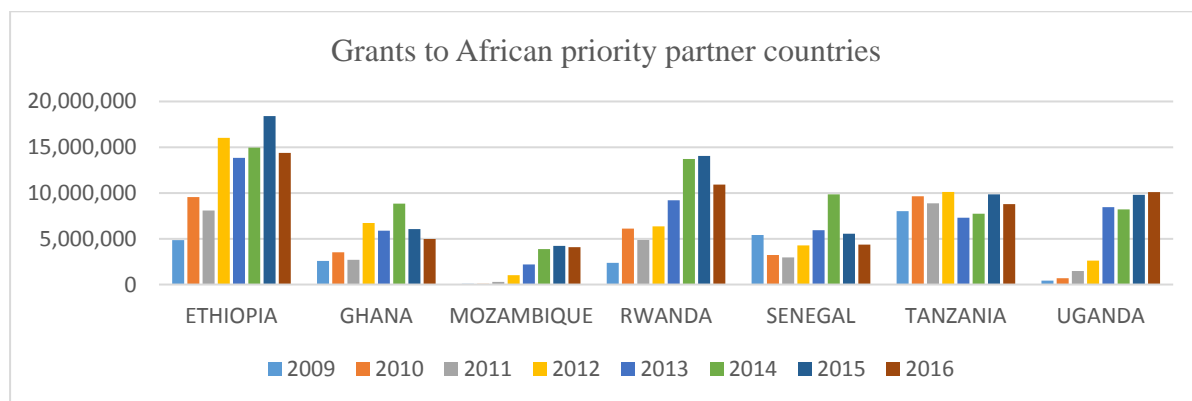


Table 21: KOICA (disbursements) to African priority partner countries in USD 2009-2016 <sup>14</sup>

|            | 2009      | 2010      | 2011      | 2012       | 2013       | 2014       | 2015       | 2016       |
|------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| ETHIOPIA   | 4,845,451 | 9,551,290 | 8,079,220 | 16,021,768 | 13,832,506 | 14,956,155 | 18,402,337 | 14,372,714 |
| GHANA      | 2,583,351 | 3,529,495 | 2,695,872 | 6,716,724  | 5,885,547  | 8,840,756  | 6,056,896  | 4,965,721  |
| MOZAMBIQUE | 82,430    | 76,526    | 289,217   | 1,027,262  | 2,191,327  | 3,864,992  | 4,215,615  | 4,073,361  |
| RWANDA     | 2,363,747 | 6,102,998 | 4,868,756 | 6,351,388  | 9,214,003  | 13,710,877 | 14,041,127 | 10,923,031 |
| SENEGAL    | 5,411,505 | 3,222,205 | 2,969,446 | 4,268,099  | 5,930,495  | 9,854,803  | 5,547,642  | 4,369,771  |
| TANZANIA   | 8,016,071 | 9,639,876 | 8,864,444 | 10,122,663 | 7,300,026  | 7,733,000  | 9,854,000  | 8,790,943  |
| UGANDA     | 431,134   | 692,475   | 1,477,725 | 2,610,114  | 8,448,116  | 8,207,006  | 9,799,598  | 10,103,995 |

Figure 11: Grants to African Priority Countries in USD 2009-2016



Source: adopted from KOICA

<sup>14</sup> <http://stat.koica.go.kr/ipm/os/acms/areaEacoEacoList.do?lang=en>

Although countries most in need, that are LICs and LDCs, are more present in Africa, we can observe that Korea's ODA in terms of grants as well as loans, as we can see it in the table about loans below, is more oriented to Asia, some say because of proximity in terms of Culture and geography, others argue that it's because of economic interests. Still, among other reasons, socio political environments in Africa does not favor African countries in receiving such financial flows. One single Asian recipient share of loans from EDCF, that is Vietnam (20.9%) is by far more important than the share of all African Priority partner countries' share (14%). Such a fact raises questions about the real motivation of Korea's ODA components like Concessional loans which are, besides their relatively high level in comparison to grants, tied more than the average of OECD DAC countries and oriented to countries where the economic gains are more than expected. Despite the true engagement in alleviating poverty and commitment to help developing countries achieve the sustainable goals, it's fair to recognize that economic interests are among the Korean goals.

Table 22: Loans Distribution by country- disbursements 1987-2016 KRW million (EDCF loan distribution at the end of 2016)

| countries  | disbursements | share |
|------------|---------------|-------|
| Vietnam    | 1,370,378     | 20.9% |
| Ethiopia   | 98,928        | 1.5%  |
| Ghana      | 138,462       | 2.1%  |
| Mozambique | 228,137       | 3.5%  |
| Rwanda     | 1,325         | 0.0%  |
| Senegal    | 115,852       | 1.8%  |
| Tanzania   | 306,801       | 4.7%  |

|                                       |           |      |
|---------------------------------------|-----------|------|
| Uganda                                | 26,848    | 0.4% |
| Total for all 53 developing countries | 6,546,875 | 100% |

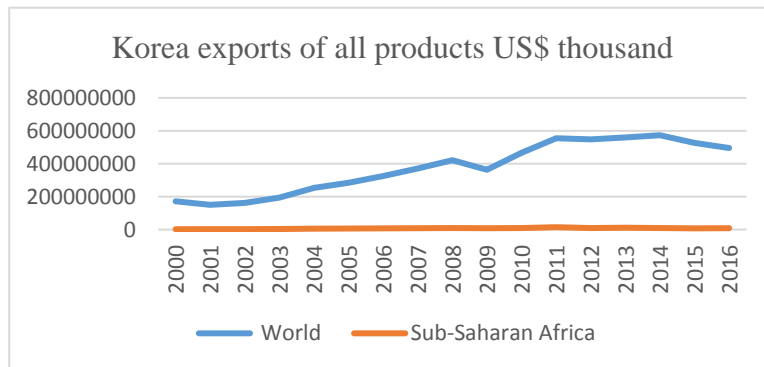
Source: EDCF report 2016

### **b. Trade between South Korea and its Priority partner countries**

Having a closer look at the current trade level between South Korea and Africa, there is no doubt about the lack of interest of Korea for Africa as trading partner. One of the reasons why this matters in this study is the undeniable link between trade level and ODA volume. We have learnt from the literature and data observation, that developing countries that trade more with donor countries, tend to receive more funds as Development cooperation funds. However, trade as development cooperation tool would boost developing countries' economies. For that, trade between donor countries and recipient countries must be a discriminative one, more of a support in a development process than a typically interest based activity, which in fact undermines development efforts. In a globalization era, where competition between strong economies and poor countries is open, there is no doubt that without support, developing countries where trade should play a key role in economic growth simply cannot succeed in implementing development policies.



Figure 12: Korea's exports of all products USD thousands



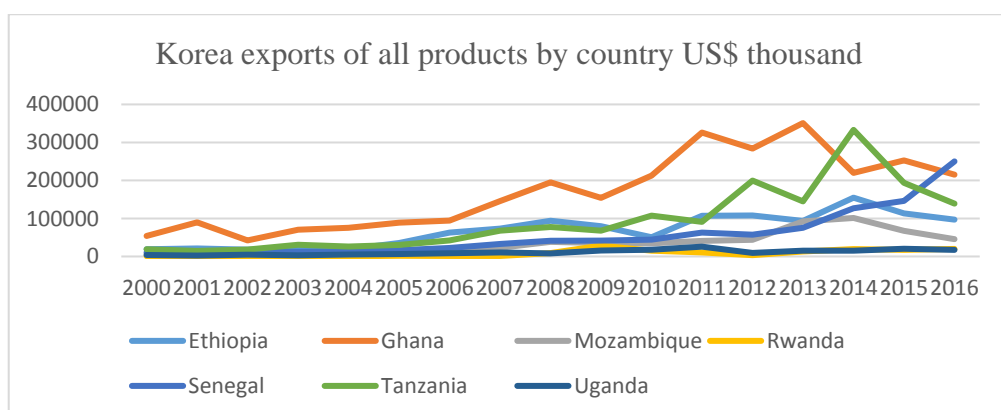
The figures highlighting trade between South Korea and its African partner countries clearly reveal that trade isn't being taken into

Source: world bank

consideration when it comes to

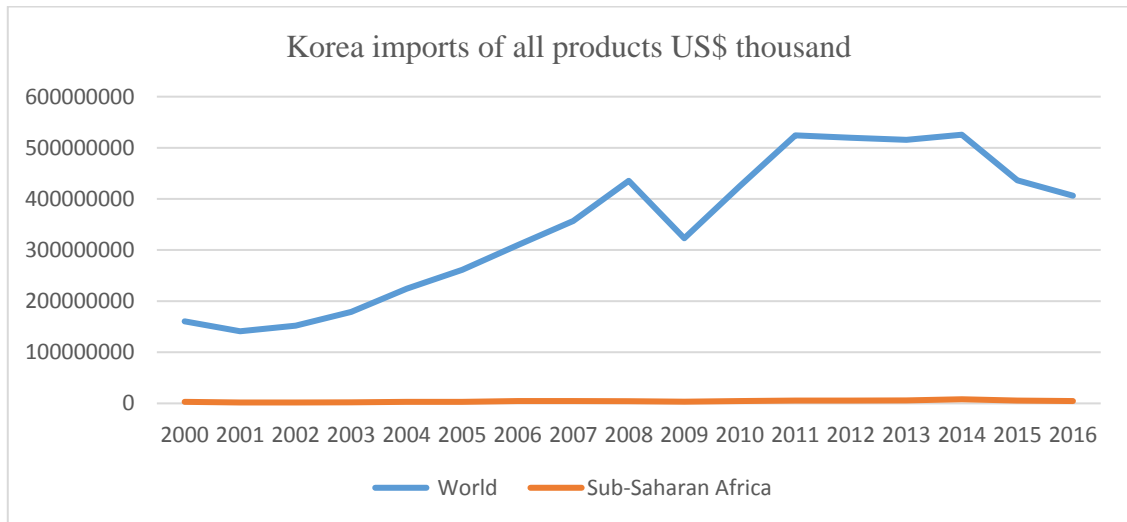
South Korea's instruments for development financing. Although South Korea is one of the leading countries in trade, its volume trade with Africa is quite very low compared to its total trade volume. It represented about 1.7% of Korea's total volume trade in 2016 (world Bank). So far, not much is being done in terms of Aid for trade.

Figure13: Korea exports of all products by country US\$ thousand



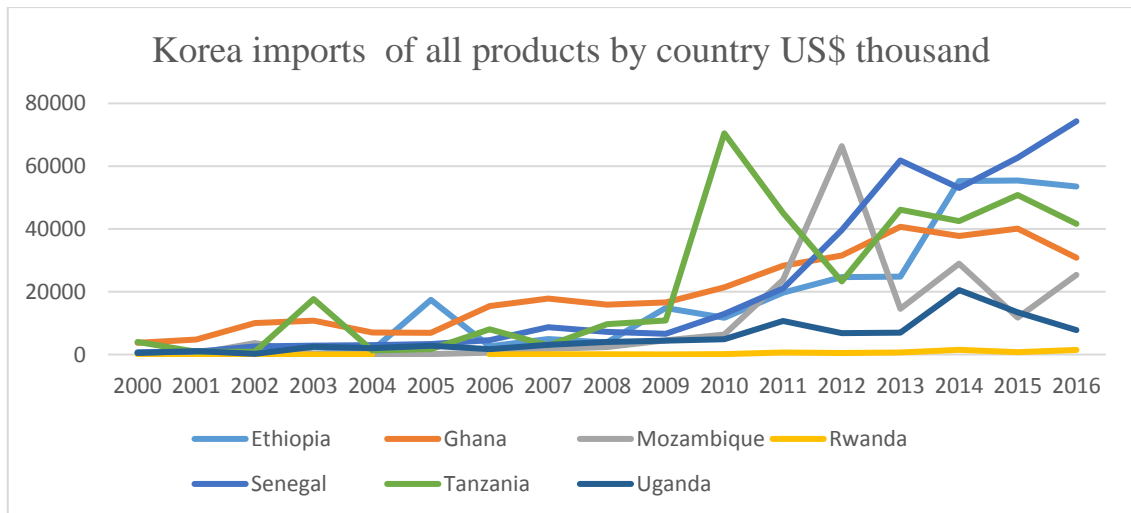
Source: world bank

Figure14: Korea imports of all products US\$ thousand



Source: world Bank

Figure 15: Korea imports of all products by country US\$ thousand



Source: World Bank

### c. South Korea FDI to its African Priority countries

As seen in the figures and tables about South Korea FDI to world regions, the weak volume in the African region has always prevailed and even during the implementation of first CPS with the Priority Partner countries. During the period 2000-2016, FDI volume despite the increasing volume of ODA has generally remained very low. As trade, the importance of FDI in developing countries is quite primordial to build infrastructures, and develop the economy. Although South Korean companies like Hyundai, Samsung, Posco, SK, LG, KIA, Dongwon and many others are quite prosperous and need new markets for expansion of their businesses, their destination is not Africa. In few cases, they received the government support but they are rather reluctant to invest in Africa most likely because of factors like, the failure case in Madagascar land release and many factors linked to poor conditions of the recipient economy in terms of infrastructures, roads, energy, security, human capital and governance.

Table 23: Korea FDI to priority partner countries in USD million

|            | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Ethiopia   | 0.0  | ..   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.1  | 0.1  | 0    | 2    | 5    | ..   |
| Ghana      | 1.6  | ..   | 1.1  | 1.5  | 15.8 | 23.5 | 4.0  | 4.6  | 15.1 | -6   | -4   | 10   | ..   |
| Mozambique | 0.0  | ..   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.1  | 22.9 | 11   | ..   | ..   | ..   |
| Rwanda     | 0.0  | ..   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.4  | 0    | ..   | ..   | ..   |
| Senegal    | 0.0  | ..   | 0.0  | 0.0  | 0.0  | 0.3  | 0.2  | 0.0  | 2.3  | -1   | ..   | ..   | ..   |
| Tanzania   | 0.1  | ..   | 0.3  | 1.5  | 1.0  | 1.0  | 0.3  | 0.0  | 0.2  | 0    | 0    | ..   | ..   |
| Uganda     | 0.0  | ..   | 0.0  | 0.0  | 0.0  | 0.0  | 0.0  | 0.6  | 0.9  | 1    | ..   | ..   | ..   |

Source: OECD

## **CHAPTER IV: Case study: South Korea's Development**

### **Cooperation with Senegal**

#### **Country profile and overview of diplomatic ties**

Senegal is the gateway of Western Africa, with its capital Dakar being the westernmost tip of the continent. The country is open to the world and has a strategic position for the development of numerous economic activities, transport, trade, fishery, tourism to name but a few. Not that big in terms of surface area (196,700 square km) and population (15,411,614) as of 2016 (world bank) its GDP (current US\$) is 14.684 billion (2016) and it has a sustained economic growth beyond 6 % on average (three years in a row) and an annual GDP growth of 6.77 % in 2018.<sup>15</sup>

In addition to its economic progress, the country is very rich in terms of culture and historical sites. Home to more than ten ethnic Groups, Wolofs, Sereres, Mandingues, Diolas, Pulars, Soninkes, Peuls, Lebous, Manjaks, Balantes, Bassaris and others, the country lives peacefully despite that diversity. Wolof is the most spoken language and is relatively accepted as such by all the local communities. However, people speak the languages of their choice freely and everywhere. Inter ethnic marriages can be considered as one of the factors that strengthen the ties between the national ethnic groups. With more than 95% of Muslims and less than 5 % Christians, no religious conflicts have ever occurred in the country. Muslims and Christians

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15. <https://data.worldbank.org/country/senegal>

generally have family ties dating back to the period before the introduction of the Abrahamic religions in the 8<sup>th</sup> century. As a consequence, the family bond participated in maintaining peace among communities and between religions. The Goree Island, from where a great number of slaves were deported to America is among the most visited sites of the country. The Pink lake, the Renaissance Monument, among others places, received people from every part of the world. In terms of culinary art, Senegal is well known for its famous Thiebou Dieune, appreciated by most of the people that visited Senegal, among other dishes.

Former colony of France, it has strong ties with France. However, Senegal has developed diplomatic ties with countries all over the world. Senegal's diplomatic ties with South Korea dated back to 1962. And since then, the two countries have developed economic partnerships as well as cooperation. Senegal is described as one of the most stable countries in Africa, with three major political transitions. It is a peaceful and stable democracy where people with different religions, beliefs and customs live together in harmony as explained earlier. Though strongly attached to their cultural values, Senegalese people are open to the world and well known for being very welcoming with the Senegalese "Teranga" referring to hospitality. Senegal has quite cordial relations with its neighboring countries, Mauritania in the north, Mali in the East, Guinea Bissau and Guinea Conakry in the south, and the Gambia which is a sovereign state inside Senegal. As an African nation, Senegal has played quite important role on the continental stage as well as on the international stage, sending troops everywhere in the world in peacekeeping operations led by the United Nations (UN), African Union (AU) or regional forces such as the Economic Community of West African States (ECOWAS) to bring

back peace. There is no denying that the country is facing most of the challenges low income countries are facing: lack of infrastructures and energy supply, Corruption hindering economic performances as it does in all over the world, the educational system facing lots of difficulties with the curricula, the quality of the teaching, the recurrent number of teachers strikes, the low wages that demotivates teachers, the low quality of health infrastructures, a high level of unemployment, social inequalities growing and an agriculture mainly based on weather conditions (volume of rainfall). However, despite all these factors that negatively impact the economy, with the implementation of the strategic plan for development, the Plan Senegal Emergent (PSE), economic growth is increasing, a result of the boosted public investment, mainly on infrastructure and promoted private sector activity.<sup>16</sup>

South Korea and Senegal have built exemplary diplomatic relations over the years since the establishment of their diplomatic ties as early as 1962. The latter have been marked by high-levels official visits such as presidential visits and ministerial visits. All Senegalese presidents, from Leopold Sedar Senghor, Abdou Diouf, Abdoulaye Wade to the current one Macky Sall have visited South Korea and again, the South Korean president Chun Doo-hwan visited Senegal in 1982. These high level official visits strengthened diplomatic ties and facilitated understanding between the two countries. In 1988, the Senegalese athlete Elhadji Amadou Dia Ba, won the silver medal during the Seoul Olympic games and in 2002, Senegal defeated the World Champion, France, during the opening match. These events, although sportive created some kind of Affection for south Korea in the Senegalese opinion. On June 4, 2015, President

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16. <http://www.worldbank.org/en/country/senegal/overview>

Macky Sall visited Korea for the Korea-Senegal Summit. On that occasion he presented the Senegal emerging Plan with a financial need of US\$10 billion and received the promise of the Korean government participation. He met the former president Park Geun-hye and they engaged to develop bilateral relations to enhance economic cooperation in maritime sector, infrastructure, agriculture, fisheries, education, health, trade, investment, culture, ICT, tourism and so on. President Park pointed out that the bilateral cooperation could be enhanced by using Korea's development experience, in implementing Senegal National development plan. As a result, the two countries signed three MOUs; "an MOU on establishing a consultative mechanism, an MOU on cooperation, trade, industry and investment, and an MOU on cooperation in maritime affairs and fisheries", (Diplomatic white Paper 2016). Korea has implemented numerous development cooperation projects in Senegal, with EDCF support, mainly in the maritime affairs sector and maritime transportation and KOICA grants in social infrastructures, mainly health, education, agriculture. Despite good diplomatic relations and dynamic cooperation, some sectors are lagging behind the cooperation between the two countries. They are infrastructures, ICT, trade and investment.

In this part, we will deal with Development cooperation between Korea and Senegal, talking about the CPS in relation to what has been done before and showing the mostly used development cooperation instruments and the different actors participating in it such as grants with KOICA (projects) and its WFK, loans with EDCF (projects) and KSP, trade level between the two countries and investments. Like all priority partners in Africa and other regions, the country partnership strategy (CPS) for Senegal reflects Korea's development

cooperation policy in recipient countries. Aligning with recipient countries priorities expressed in the formal document that is a national economic plan is the basis of the elaboration of the CPS which focuses mainly in the target sectors defined by the recipient country.

## **1. Korea's CPS for Senegal**

Senegal has joined Korea's priority partner countries in Korea's second mid-term strategy 2016- 2020 in 2015. There is a strong concordance between the PSE and the CPS. South Korea, in designing their development cooperation in developing countries, lay emphasis on the countries development plan which highlights the country's priorities. As policy document, the CPS highlights the sectors and expresses guidelines in accordance with the national plan. And in that, it reinforces ownership and alignment of the donor to the recipient's key priorities. In addition, the recipient system serves as the basis to implement the projects with support from the donor when necessary. This new step is the materialization of trust and engagement of the two governments in developing diplomatic ties and economic cooperation. Long before Senegal became a priority partner country, it received constant support from KOICA in various domains. Since KOICA opened its office in Senegal in 2008, about 500 Senegalese officials have benefited from trainings in many sectors ranging from governance, health, education, agriculture and others and scholarships are offered annually in prestigious Korean universities. The social sector has been the main targets of the Korean agency with projects in education, water and agriculture to improve local population's living conditions. Based on the



economic potential of the country, along with the established partnership and strong diplomatic ties, Senegal was chosen as priority partner country in 2015. In accordance with the national development plan strategy, “Plan Senegal Emergent”, the CPS which is a five-year strategy, based on the recipient country’s priorities is designed to support Senegal in its development process by focusing on key sectors such as Agriculture and Fisheries, Education, Water Management and Health and Transport. The PSE is the economic plan aiming at making of Senegal an emerging country by the year 2035. The PAP which stands for Priority Actions Plan 2014-2018 focuses on economic growth and productivity, public funds management, employment, good governance and improvement of people’s living conditions. As an ambitious plan, it requires important financing from both the government and technical and financial partners as well as the national and international private sector. The needs in terms of transportation infrastructures, energy, agriculture, education and technical training, water and sewage, and health are the main priorities in the PSE. Along with the first priorities, the governance, peace and security sectors, telecommunications infrastructures, social protection and environmental issues are taken into account as priorities as well, even if it is at a lesser extent. Those priorities are divided in the three strategic axes of the project: The structural transformation of the economy and growth, Human Capital, social protection and sustainable development, and governance, institutions, peace and security. This plan helps the partner countries to Have a clear idea of the recipient country needs, priorities and objectives, and participates in ensuring ownership and giving more strength to the Country Partnership Strategy of the Korean government. In 2015, during President Sall’s visit in Seoul, the Korean

government showed a particular interest in supporting the plan financially. The CPS is an ODA tool through which Korea will allocate 70% of its ODA for Senegal during the period 2016-2020. As it will be shown in the projects implemented by EDCF, the transportation infrastructures constitute a priority and has mobilized Korean investment in Senegal over the last years. There is no doubt that in relation to the CPS, many sectors will benefit from the Korean support to achieve the goals of emergence by 2035, however, as our study covers the period 2000 to 2016, we will rather focus on development cooperation between Senegal and Korea before the period of implementation of the CPS to see what development cooperation between the two countries was all about. This will help in further analyses, see the similarities, changes and new directions adopted in the new strategy and the achievements of such a policy in comparison to what DC consisted of in the main period of the analysis.

Therefore, our analysis will be based on ODA, with loans and grants mainly, and trade and FDI and actors like KOICA and EDCF mainly, the most active agencies in DC between Korea and Senegal.

## **2. Korea's ODA to Senegal**

In terms of DAC financial flows, including ODA, Other Official Flows and Private Flows, during the period 2012-2016, Senegal received more ODA funding and particularly grants which shows how external financial flows is mainly composed of ODA, hence its importance in participating in the economy by easing poor population conditions and improving their lives. However, although important, ODA flows alone cannot meet the need of financing the

infrastructures for example and other big projects that a developing country like Senegal needs for its development. Improving a country economic performance is strongly linked to the infrastructures. Without adequate and appropriate infrastructures, investments will remain weak, undermining the economic growth. Furthermore, such a trend shows how urgent Senegal needs other development financing tools to take the challenge of its economic development. Indeed, history shows that ODA funds only cannot support a country's development. As long as ODA will be among the main financing tools of a country, as it can be observed from the table below, it means that there is an urgent need to develop or promote the development of other financial tools like trade, FDI, remittances and PPPs.

Table 24: Total DAC flows to Senegal in million USD

|                                       | 2012  | 2013   | 2014  | 2015  | 2016  |
|---------------------------------------|-------|--------|-------|-------|-------|
| Total Receipts Net (ODA+OFF+ Private) | 659.2 | -186.3 | 701.0 | 749.2 | 519.6 |
| Total ODA NET                         | 705.7 | 634.6  | 800.0 | 578.5 | 414.6 |
| ODA LOANS GROSS                       | 228.0 | 116.3  | 216.4 | 45.2  | 57.4  |
| ODA GRANTS                            | 492.0 | 538.3  | 609.6 | 554.4 | 381.5 |

Source: OECD

What we have noticed observing the pattern of South Korea ODA to Senegal is a similar trend in terms of instruments and shares. Flows from South Korea almost follow the same patterns as far as the importance of ODA volume is concerned in comparison to the other financial flows that are private and Other Official Flows that are quasi missing. A major difference, though, is that for the same 2012-2016 period, loans have the biggest share compared to

grants, even though in the previous years, grants constituted the main instrument South Korea used in its support to Senegal and as mentioned earlier, OOF and private flows are practically inexistent from South Korea to Senegal. Such a pattern, if we consider the different elements of OOF shows a lack of financing tools apart from ODA. It also tells the lack of engagement of the Korean Private in Senegal. And even in 2016, year one of the second mid-term strategy, no evolution has been achieved as far as financing tools are concerned. However, it will be fair to recognize that, one year of implementation is too short to expect changes in terms of actors involved and instruments used.

Table 25: Korea flows to Senegal in million USD

|                                       | 2012 | 2013 | 2014 | 2015  | 2016 |
|---------------------------------------|------|------|------|-------|------|
| Total Receipts Net (ODA+OFF+ Private) | 34.6 | 17.3 | 19.9 | 10.7  | 36.7 |
| Total ODA NET                         | 31.7 | 17.3 | 19.9 | 10.03 | 36.6 |
| ODA LOANS GROSS                       | 26.2 | 11.1 | 8.2  | 3.5   | 30.8 |
| ODA GRANTS                            | 5.5  | 6.2  | 11.6 | 6.8   | 5.8  |

Source: OECD

In terms of ODA, covering the period of the study, we observe from the table below, the types of ODA in play when it comes to Senegal. It is mainly composed as shown in the table of loans, grants and to a lesser extent technical cooperation. Loans as the major element of development Cooperation epitomize the idea of the gift theory in that it needs a giver, reception and reciprocity because such a cycle maintains relationships better and gives room for more interactions and engagement in more development financial tools as development

cooperation. And the more optimistic the donor is in terms of receiving from its gift, the more developed is its engagement. And receiving in this case, can't be limited to economic returns only, even if it is the main canal. Countries expect returns in many forms such as economic, political, commercial and influential. If we have a look at the support destination of developed countries, it is clear that failing to reciprocate in form or another, deprives a recipient country from receiving more aid if any. Either it is a security gain, an economic interest, a future opportunity in natural resources exploitation, an international recognition from the international community, there is the fact that recipients need to reciprocate or induce some positive effects to the donors. The main mistakes of poor countries that are the most in need of support is their failure to be able to reciprocate the support they need badly.

Table 26: Korea ODA to Senegal in USD million

| Korea ODA to Senegal 2000-2016 |               |                 |                      |                |                       |                  |
|--------------------------------|---------------|-----------------|----------------------|----------------|-----------------------|------------------|
|                                | Grants, Total | ODA Gross Loans | ODA Loans: Total Net | ODA: Total Net | Technical Cooperation | Humanitarian Aid |
| 2000                           | 0.08          | ..              | ..                   | 0.08           | 0.08                  | ..               |
| 2001                           | 0.21          | ..              | ..                   | 0.21           | 0.11                  | ..               |
| 2002                           | 0.31          | ..              | ..                   | 0.31           | 0.17                  | 0.03             |
| 2003                           | 0.36          | ..              | ..                   | 0.36           | 0.26                  | ..               |
| 2004                           | 0.47          | ..              | ..                   | 0.47           | 0.33                  | 0.04             |
| 2005                           | 0.33          | ..              | ..                   | 0.33           | 0.19                  | ..               |
| 2006                           | 0.85          | ..              | ..                   | 0.85           | 0.67                  | ..               |
| 2007                           | 2.32          | ..              | ..                   | 2.32           | 2.2                   | ..               |
| 2008                           | 3.82          | 7.55            | 7.55                 | 11.37          | 2.93                  | ..               |
| 2009                           | 6.92          | 0.36            | 0.36                 | 7.28           | 3.28                  | ..               |
| 2010                           | 4.47          | 11.58           | 11.58                | 16.05          | 3.07                  | ..               |
| 2011                           | 3.8           | 5.09            | 5.09                 | 8.88           | 2.83                  | ..               |
| 2012                           | 5.62          | 26.88           | 26.88                | 32.51          | 2.59                  | ..               |
| 2013                           | 6.09          | 10.98           | 10.98                | 17.07          | 3.44                  | ..               |
| 2014                           | 11.01         | 7.78            | 7.78                 | 18.78          | 4.53                  | 0.02             |
| 2015                           | 6.71          | 3.52            | 3.52                 | 10.23          | 2.63                  | 0.15             |
| 2016                           | 5.81          | 30.76           | 30.76                | 36.57          | 2.76                  | 0.1              |

Source: OECD. Stat

We look into the sectors to see the focus of the Korean ODA in Senegal, and even though with the table below extracted from OECD. stat, we don't have all the disbursements, it gives a clear idea of the priority sectors the Korean ODA is involved in. KOICA as the main actor of Korea Aid agency in Senegal has been reinforced by EDCF maritime affairs projects and transportation in the recent years (2013 onward). We can see that while the economic and social infrastructures constitute the main part of the support, as shown in the table, there is a low volume of fund if not none dedicated to the programme assistance sector, the action relating to debt sector as well as the Humanitarian Aid sector, and this as stated earlier is not

specific to support destined to Senegal. These facts, show engagement in supporting Senegal's development efforts, but their focus also suggest economic and political interests from South Korea. On the other hand, one cannot deny that those sectors are fundamental for economic take off of developing countries, but when highly tied, or given with conditionalities, they undermine recipient countries latitude to implement efficiently national development projects. Unfortunately, Korean ODA is among the most highly tied among OECD/DAC members. Furthermore, such characteristics go against altruism claims and the basic ideology of development cooperation which is support for the economic development and welfare of developing countries, without particularly expression of economic interests of the donor countries.

Table 27: Korea ODA to Senegal by sector 2005-2016 in USD million

|      | KOREA ODA to Senegal by sector from 2005 to 2016 in USD million |  |                       |             |                         |                               |                     |                             |
|------|---|--|-----------------------|-------------|-------------------------|-------------------------------|---------------------|-----------------------------|
|      | SOCIAL<br>INFRASTRUCTURE<br>& SERVICES                          | ECONOMIC<br>INFRASTRUCTURE<br>AND SERVICES | PRODUCTION<br>SECTORS | MULTISECTOR | PROGRAMME<br>ASSISTANCE | ACTION<br>RELATING<br>TO DEBT | HUMANITARIAN<br>AID | UNALLOCATED/<br>UNSPECIFIED |
| 2005 | ..  | ..   | ..                    | ..          | ..                      |                               | ..                  | ..                          |
| 2006 | 0.50  | 0.03                                       | 0.30                  | 0.02        | ..                      |                               | ..                  | ..                          |
| 2007 | 26.13   | 0.18                                       | 1.79                  | 0.06        | ..                      |                               | ..                  | ..                          |
| 2008 | 3.38  | 0.17                                       | 3.66                  | 0.04        | ..                      |                               | ..                  | ..                          |
| 2009 | 1.35  | 0.16                                       | 2.17                  | 0.02        | ..                      |                               | ..                  | ..                          |
| 2010 | 7.57  | 49.18                                      | 0.50                  | 0.12        | ..                      |                               | ..                  | ..                          |
| 2011 | 1.87  | 0.44                                       | 0.82                  | 0.04        | ..                      |                               | ..                  | 0.01                        |
| 2012 | 6.45  | 0.58                                       | 1.39                  | 0.02        | ..                      |                               | ..                  | ..                          |
| 2013 | 1.98  | 0.55                                       | 1.13                  | 0.12        | ..                      |                               | ..                  | ..                          |
| 2014 | 1.64  | 0.48                                       | 8.87                  | 0.31        | 0.12                    |                               | 0.02                | ..                          |
| 2015 | 17.15   | 88.43                                      | 2.22                  | 0.40        | 0.13                    |                               | 0.15                | ..                          |
| 2016 | 1.17  | 0.25                                       | 9.42                  | 0.67        | 0.11                    |                               | 0.10                | ..                          |

Source: OECD. stat

### a. KOICA grants to Senegal

KOICA has realized numerous projects in different sectors since the establishment of its office in Senegal, back in 2008.<sup>17</sup> Among them, we can name the water projects, drinking water facilities, aiming at building infrastructures and educating people on health and hygiene to ease the population burden in terms of water needs in the rural areas with a funding of \$12.5 million, from 2010 to 2015 in the regions of Thies, Louga, Diourbel, Saint Louis, Fatick, Kaolack, Kaffrine, Tambacounda. This project implemented in two periods aimed at improving access to drinkable water for 200000 people in 24 villages. In education, two major

<sup>17</sup> <http://ptfsenegal.org/g50/la-coree-koica/>

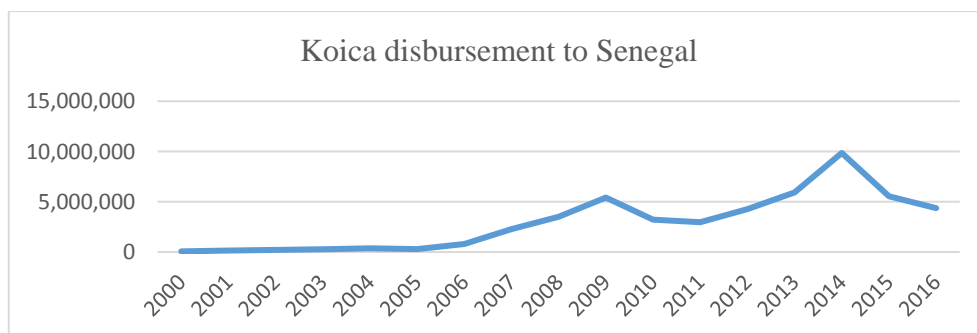


projects were realized; an important project about didactic materials distribution in all the 14 regions in Senegal from 2011 to 2015 with a funding of \$5 million and the construction of infrastructures and equipment for higher technical and professional education with a funding of US \$ 9million during the period 2015-2018. In agriculture, for the period 2014-2017, KOICA funded US \$ 6 million for the improvement of productivity in commodities like onion and rice, as well as construction, equipment and capacity building training, in the northern part of the country, Saint Louis. In 2018, again, three projects have been funded by Korea with US\$ 14.5 million in the northern region of the country where they will be implemented as agricultural projects in three different areas, in Podor. The projects will be implemented in collaboration with national entities that are Saed, Isra and Cipa. These selected projects are just examples of how engaged is Korea in the rural development activities in line with the country priorities and the CPS.

In terms of training, as of 2013, with an amount of US \$ 2.5 million, more than 400 Senegalese officials benefited from short or long term training sessions in different fields ranging from health, education, agriculture, water, industry, trade, pharmacy, international cooperation, Saemaul Undong and so on. More than 50 Senegalese officials have benefited from scholarships fully funded by KOICA in prestigious Korean Universities. The beneficiaries received trainings in cooperation, development, community development, engineering, transport, law, economics, education and all subjects during a period of one to two years to enhance their capacities and skills to participate in the development of the country in their respective fields. As for technical Assistance in the Senegalese government

structures, as of 2014, with an amount of US \$ 2 million, more than 250 Korean volunteers were sent to Senegal to assist in sectors as various as agriculture, education, health, sport, environment and vocational training (technical and professional education). Under the authority of KOICA, World Friends Korea (WFK) and the Development Experience Exchange Program (DEEP) have been implementing technical assistance and knowledge sharing program, along with KOICA actions.

Figure 16: KOICA aid disbursement to Senegal in USD 2000-2016



Source: KOICA

In line with the National Economic Plan, both KOICA and EDCF have funded important projects in Education and health respectively in the year 2018. A vocational Training institute (ISEP) specialized in ICT and automobiles reparation is funded by KOICA in the new city of Diamniadio and a cancer center as well in the same city funded by EDCF. These new projects can be taken as outcome of the Senegal being a priority partner in Korean second mid-term strategy 2016-2020 and the materialization of the Korean government new engagement to

support Senegal in its development efforts. Here follow examples of the numerous projects implemented by KOICA in Senegal: they are about water projects in the rural areas: in 2017, US\$ 5 billion funded by KOICA to build 9 tube wells as well as the equipment required. This project followed a previous construction of 12 tube wells 12 water fountains, 12 pumps, 12 accommodations for the infrastructures keepers, 12 generators, 12 pumping cabs and a water tower that is 225 km in length that were built in many rural areas of the central regions of the country. It provided drinking water to more than 100000 people and 300000 animals in the villages Soune Serere, Miname Keur Malle, Dimballo(Thies), Mbeye, Bercome Lo,Khoyoye, Tagar, Dieylali, Mbelogne, Keur Ndary (Louga), Belly Namary, Laiky (Saint Louis). Those projects impacted more than 100 villages in providing safe drinkable water as well as improving their economic activities with the management of their livestock and gardens. As such, it substantially eased women and girls' tasks of fetching water from very distant places. With this new funding, 9 tube wells and 9 water fountains, 9 pumps and the facilities are to be built and a water tour of 170 km length in addition to the construction of 9 apartments for the people in charge of the infrastructures. The project also includes the construction of a hundred toilets. These multi village tube wells have as targets more than forty thousand people and one hundred thousand animals in the Mboulénme, Keur Maide (Thies), Ndawene, Ndiatmel Saer (Kaolack), Thingue, Gaynabar, Kebe Ansou, Sorome, Keur Tamsir Khoudia (Fatick).

Saemaul Undong or new village movement has also been very active in the northern part of Senegal, in Saint Louis region where it implemented successful projects in Taal Bakhle (Dagana), Ndombo Alarba (Richard-Toll), Mbenguene Boye (Saint-Louis) and MboloBirane

(Podor) in 2015-2016. The first African Saemaul Undong Research Institute was open in Gaston Berger university in November 2015 to train people in agriculture and citizenship. KOICA, through Saemaul Undong implemented 2 projects, the project for capacity building of Agricultural Training Center in CIH (Horticultural Initiation Center) and the project for improving agricultural Productivity on rice and onion. Dedicated to ease rural people living conditions, KOICA rural development projects have played a key role in developing infrastructures, agricultural techniques, access to water and sanitation in Senegal rural areas. And the Saemaul Undong is following the same path. The Saemaul Undong philosophy of “diligence, self-help and cooperation” is used as a development strategy by Korea to share its experience in rural development in Senegal’s rural areas to foster villagers’ skills and know-how and to improve their living conditions.

World Friends Korea, managing KOICA Overseas Volunteers, plays an important role in technical assistance as part of the grants aid destined to developing countries. Indeed, since KOICA’s creation in 1991, the Program WFK with its volunteers, has helped Senegal in lots of areas, like education agriculture, health and water, sending more than 250 Korean volunteers to Senegal.

The Korean Agency, KOPIA (Korea Program on International agriculture) is also taking part in developing the Agricultural sector in Senegal, where it is established since 2013 working to transfer agriculture knowledge with Senegal through its collaboration with ISRA, the Senegalese national Agricultural Research Institute. The objective is mainly to boost the

agricultural production and improve the lives of the farmers. Not only government agencies are intervening in the development field in Senegal. NGOs play their part even if it is on a smaller scale, limited to some areas. In this respect, KOICA also supports The Korean NGO Better World present and very active in Senegal since 2014. Better World is very active in Senegal, in Rufisque, particularly where it deals with development projects in priority sectors and capacity building in health, sanitation, access to water, roads and education.<sup>18</sup> Some among many other projects it implemented is the one aiming at reducing the risk of maternal and child death in the Rufisque area. It consisted of the renovation of seven medical structures (maternity hospitals) destined for maternal health. Not only did it renovate them but it also equipped them with the latest generation technology and all the materials necessary for office equipment. The project named “Maternal and newborn health services in the Rufisque department” cost US\$2.2 million. Still in working to improve the local people’s health, particularly pregnant women, it organized training sessions for the medical staff of 27 health centers in Rufisque. On top of that, it organized many information campaigns to encourage future mothers to do their prenatal visits and eventually give birth in the seven maternity hospitals named “Better Maman” in Rufisque. Strongly committed to improve villagers’ living conditions, in 2016, it also funded, with the support of Koica and the Korean government, a road connecting the Pink lake to the village of Bonaba, where the NGO mainly operates. That road of 2.2 km long fits perfectly with the rural development project the NGO is aiming at in the area of Bonaba. In addition to health facilities and road construction, Better

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<sup>18</sup> <http://overseas.mofa.go.kr/sn-fr/index.do>

World is also active in the education sector with the construction of two primary schools in 2015 and 2016 as well as a secondary school in the same village of Bonaba. Furthermore, a training center for the farmers and a vocational training center have been built in the same area.

This NGO, in line with the Korean government through KOICA assistance, and the national development plan (PSE), which has health as one of the strategic axes, has as main goal to improve Senegalese living conditions. And it has proved it by covering main social sectors with the implementation of agricultural, rural development, education and health projects. This, again, fosters the engagement of the Korean government to support Senegal achieve quality health services for everybody, in order to improve the quality of life and strengthen the relations between the two countries.

#### **b. Korea loans to Senegal**

The first project funded by Korea was in 2007, with EDCF loans, amounted USD 25 million, a government ICT Infrastructure project designed to establish an intra governmental network to facilitate data management and improve the governmental system covering fifty-three governmental sites. In terms of transportation Infrastructures, EDCF funded the Maritime Infrastructure Establishment Project (MIEP1), 2011-2015, a project that built many maritime infrastructures to help the maritime transport sector. It built boats, 2 harbor terminals 2 wharf Facilities, Grab Type Dredger, Deck barges and other maritime infrastructures. The MIEP 1, with an amount of \$61 million, was partly funded by South Korea with a EDCF loans of

US\$ 48.80million. It improved Senegal's maritime infrastructure with the building of two ships AGUENE and DIAMBOGNE, ports like the harbor terminal in Ndakhonga, other maritime infrastructures and equipment, river dredging, refrigerated warehouse. Based on the successful realization of the first phase that ended in 2015, which facilitated transportation between Dakar and Casamance and maintained the inland waterway along the river Saloum and Casamance and established the marine oil logistics in the mid area of Senegal, the second phase financial agreement was signed in 2016 between the two governments. The MIEP 2, is a project with a funding of more than \$88 million to develop more the maritime sector, with new infrastructure, making transportation more convenient to people living in the landlocked areas situated in the central and southern parts of the country respectively the Saloum Islands and Casamance, highly economic zones rich of fruits and other commodities. Such infrastructures will help people with the urgent need of maritime transportation to sell out their commodities. Aware of the importance of the maritime sector in the Senegalese economy, South Korea is actively supporting Senegal's development in developing maritime infrastructures, transport and equipment. In 2017, EDCF funded US\$ 10 million for the supply of 55 refrigerated trucks, the construction of refrigerated Warehouse (the site area of 2600 m<sup>2</sup> and building area of 1560 m<sup>2</sup>), (EDCF). The project aims at modernizing the system of caught fish and freezing, improving the structure of maintenance system for refrigerated trucks and refrigeration system to ensure with infrastructural facilities and a better operation of delivery. Most of EDCF funding in Senegal are directed to the maritime sector in general with the maritime transportation and infrastructures for the fisheries.

Among the 53 developing countries that received funds from EDCF, since 1987, Senegal share is only 1.8% reflecting the low level of loans it acceded and this situation is quite illustrative of the Korea loans vis a vis African countries.

However, more recently, in May 2018, Senegal benefited from another loan of Eximbank Korea of US\$ 85.5 million for the construction and equipment of a national oncology center in Diamniadio, a center that will cost US\$105.5 million, with Senegal's participation of US\$ 20 million. Another good example to illustrate how Korea is engaged in supporting Senegal's implementation of one of its priority projects in the national development plan (PSE) and such a project destined to the treatment and fight against cancer will be a great contribution in the fight against cancer in Senegal. While actively participating in securing the necessary investment of the priority sectors of the national plan, the Korean government through its loans grants, technical assistance and knowledge sharing programme is helping Senegal achieve its economic and social goals and particularly the Human capital which is the second strategic axis of the development plan.

The Korean Knowledge Sharing Program (KSP) is among Korea's main tools for DC and it is recognized as an "effective and innovative tool for economic development". The KSP, which is a new paradigm of Development Cooperation was launched by the Korean Ministry of Strategy and Finance (MOSF) in 2004. Its objectives are to share Korea's economic development experiences, know-how, assist partner developing countries and work to reduce



the knowledge gap.<sup>19</sup> More than policy recommendations, KSP gives business opportunities helping private sector development, mainly with three organizations KDI for socio-economic development project, KOTRA for trade and investment and KEXIM for construction and infrastructure, and joint consultation with international organizations (IOs) like AfDB (5 projects Multilateral KSP) . KSP has as principles, “Enabling and not Providing”. Knowledge Sharing Program, handled by the Korean Development Institute (KDI) is one of the key instruments of Korea’s Development Cooperation, mainly focus on Sharing Korea’s Development experiences in many policy areas. Korean expertise through the KSP has benefited to 11 African countries partners among which Senegal in 2014(no information found about it). Senegal is not yet individually considered as a partner country among KSP international partners. However, in 2016/2017 the Knowledge sharing Program with PASET starts implementation

The Partnership for Skills in Applied Sciences, Engineering and Technology (PASET) KSP is a three-year programme that has as focus in its first phase (in 2016), Senegal: the theme is “National HRD Strategy to support the social and Economic transformation of PASET Member Countries with focus on Senegal”.<sup>20</sup> The PASET countries (Senegal, Rwanda and Ethiopia) “requested a policy consultation on science and technology manpower for the development of its member countries industrialization” (2016-2017 KSP PASET). To conduct policy consultations, the KSP experts visited the relevant institutions to better understand the

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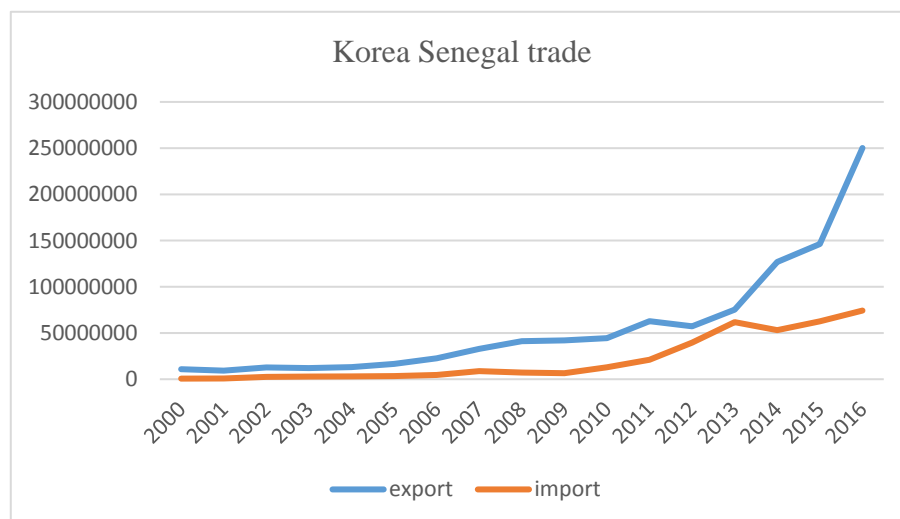
<sup>19</sup> [www.kspgo.kr](http://www.kspgo.kr)

<sup>20</sup> [www.ksp.go.kr/file/krimis/201801/20180108171551.pdf](http://www.ksp.go.kr/file/krimis/201801/20180108171551.pdf)

demands and needs, worked together with Senegalese practitioners from different relevant institutions before recommending the appropriate policies based on the Korean experience in the related fields that are Human resource development (HRD), Technical and Vocational Education and Training (TVET) and Science, Technology and Innovation (STI).

### 3. Trade between Korea and Senegal

Figure 17: Korea-Senegal trade 2000-2016 in USD



Source: UNCOMTRADE

In terms of Trade, Korea-Senegal relation is very weak and trade is mainly reproducing North-South pattern in terms

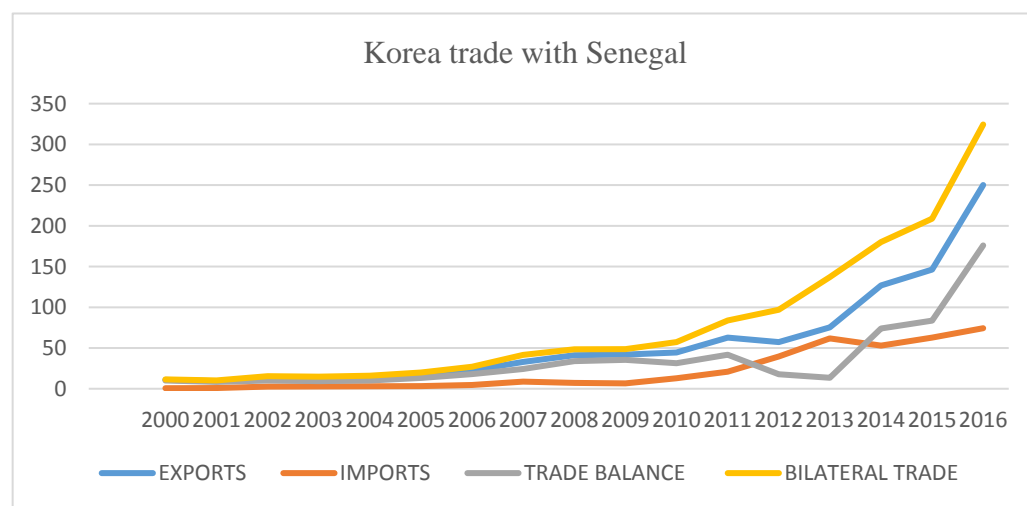
of trade. Senegal trade with ROK is mainly about imports of electronic products such as cell phones and televisions and imports of used automobiles and fish is the main product exported. Not only the trade volume is low but Senegal's exported products are little value added. This explains the widening trade deficit between the two countries. Such a scheme undermines Senegal's economy in that the industries are not developed which let the country dependent of

foreign countries manufactured products which is the case of electronics in relation to South Korea. Change is needed to support development efforts, reduce the gap in the trade balance and the achievement of economic growth.

Table 28: Korea trade with Senegal 2000-2016 in US\$ million

|                    | 2000  | 2001  | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016  |
|--------------------|-------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| EXPORTS            | 10.8  | 9.3   | 12.8 | 12.1 | 13.1 | 16.6 | 22.5 | 32.9 | 41.2 | 42   | 44.4 | 62.7 | 57.3 | 75.3 | 127  | 146  | 250.1 |
| IMPORTS            | 0.647 | 0.883 | 2.6  | 2.8  | 3    | 3.3  | 4.6  | 8.7  | 7.2  | 6.6  | 12.9 | 21   | 39.6 | 61.8 | 53   | 62.7 | 74.3  |
| TRADE<br>BALANCE   | 10.1  | 8.4   | 10.2 | 9.3  | 10.1 | 13.3 | 18   | 24.2 | 33.9 | 35.4 | 31.4 | 41.7 | 17.7 | 13.5 | 73.9 | 83.5 | 175.9 |
| BILATERAL<br>TRADE | 11.4  | 10.2  | 15.4 | 14.9 | 16.1 | 20   | 27.1 | 41.6 | 48.4 | 48.6 | 57.3 | 83.8 | 96.9 | 137  | 180  | 209  | 324.4 |

Figure18: Korea trade with Senegal



Source: World Bank

During the period 2000-2016, exports average is USD 57.42 million, imports USD 21.50 million, trade balance USD 35.91 and bilateral trade USD 78.94 million.

Trade volume has been tremendously increasing since 2000, but neither the products nor the patterns have evolved, widening the trade deficit at the expense of the Senegalese economy.

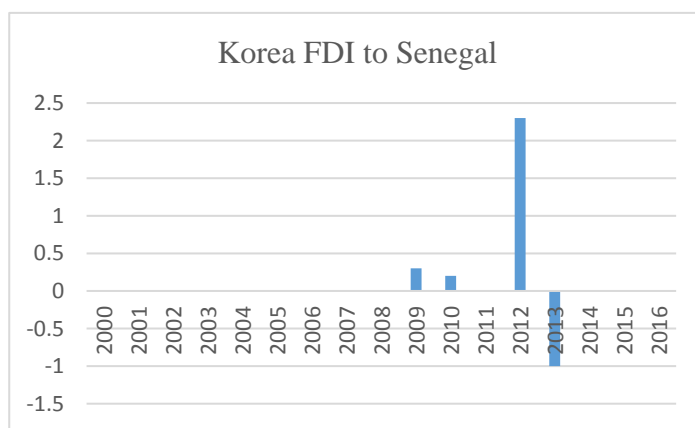
The Korea-Senegal for Trade, Industry and Culture is a platform that, if active, will help change the trend by promoting the Senegalese mango which is appreciated worldwide and promoting it along with other agricultural products means more profits, more jobs and bigger investments. Taking into account the expensive price of mangoes in Korea and knowing the quality of the Senegalese mango, there is no doubt of the potential that developing such sector would mean in developing trade between the two countries. And, numerous are the opportunities of investments Korean will find in Senegal.

#### **4. Korea Foreign Direct Investment to Senegal**

The Senegalese case as far as FDI is concerned is just the confirmation of what has already been observed throughout the continent. Although, Senegal is a stable democracy, well known for being peaceful and also in real need of foreign investment as an LDC it is, it doesn't really attract the Korean investment. Korean investment up to 2015 was about US\$ 6.5 million (MOFA). Despite the national development plan PSE and the presidential visit in South Korea in 2015 and the engagement of the South Korean government through the MOUs, and development cooperation, Senegal being a Priority partner country since 2016, investments from Korea's private sector hasn't evolved much as we can observe it in the figure below. The

energetic problem, the size of the market, the situation of the infrastructures that seem to undermine their intervention as investors, are in fact why a developing country like Senegal needs investments for an economic growth leading to development. The Korean investors don't seem inspired by their Chinese and Indian counterparts who are more and more investing in sectors like infrastructures and industry, respectively. However, Senegal's recent discovery of huge amount of gas and oil might be an incentive to attract more Korean investors and companies on the African soil of Senegal.

Figure 19: Korea FDI to Senegal 2000-2016 in USD million



The giant Korean company Dongwon established in Senegal since 2011 massively invested in the fishing industry with its company named “Societe de Conserveries en Afrique (SCA.SA). It faced different

Source: OECD.

stat challenges at the beginning,

however adopting the management to the culture helped the industry in achieving good performances.<sup>21</sup> As a success of a the Korean private sector investment, following the example of Dongwon will expand investment for the benefit of Korean companies seeking for new

<sup>21</sup> <http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3047522>

markets and improve Senegal's economic performances. However, such a move might have decelerated with some unsuccessful cases throughout the continent. Indeed, Korean investment in Senegal has not always experienced successful outcomes and that was the case with KEPCO.

The Korea Electric Power Corp KEPCO project in Senegal was a project of US\$ 600 million, signed in 2013 with Senelec, the Senegalese company in charge of electricity, for the construction of a coal power plant. It has been abandoned in 2016, being a failure, since the investors decided to withdraw without implementing the project. But, with Dongwon success as an example, it is likely that in the future, more Korean investors will be more willing to invest in Africa, with the support of the Korean government and EDCF. Developing Private Public partnership, where the Korean government gives more incentives and guarantee in terms of risks will make Korean companies more optimistic in investing in Africa, expanding their market and having more profits. EDCF is actively helping Senegal in the implementation of its national development strategy and has successfully financed infrastructure in the maritime sector and as said earlier, recently in May 2018, it signed an agreement to build an oncology center with US\$85.5 million.

Unfortunately, Korean companies are not that present in Senegal, apart from Dongwon, the big international firms, Samsung, Hyundai and LG, we can only name a very few Korean companies in Senegal, and they are mainly active in wicks and wigs manufacturing with the

presence of Nina, Lina and Unibella and Okpeche in the fishing sector. But, with the recent signing of important projects, a brighter horizon can be expected.

## **5. Remittances**

Remittances, an important source of development financing and poverty reduction play a much more important role in the Senegalese economy than ODA.<sup>22</sup> Its value is far more important than ODA and participates in reducing poverty and improving rural communities living conditions. As it shown in the table below, remittances represent more than 12% of Senegal's GDP with 13.70% (US\$1785.2 million) as of 2016 whereas ODA is about 7% (US\$ 736.4 million as of 2016, OECD) on average of the country's GDP during the last eight years (2010-2018), (World Bank). This, shows how important remittances are in the recipient countries in general and particularly in Senegal which has among the highest rate of remittances in the Western African region in particular and in Africa in general. Senegalese are known as being travelers. And solidarity is part of their culture, customs, religions as well as their way of life. One Senegalese worker, no matter what his wage is, may be the one to take care of at least 5 people. In every corner of the world, you can be sure to find a Senegalese community, and whatever they have, it is to be sent to the family to pay back the support they benefited in their early ages, a matter of gratefulness. And it is a family pride to send back what they receive from abroad. Some build houses, others improve the living conditions of their families with more foods and facilities and others help their relatives

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<sup>22</sup> <https://countryeconomy.com/demography/migration/remittance/senegal>

establish businesses. In South Korea, the Senegalese community is about 377 members (Senegalese embassy in Korea). And as the community is not that big remittances are almost inexistent. However, no matter how small the community is in Korea, there is no doubt how important is their remittances to their respective families. The community is composed mainly of businessmen, young immigrants, students and the diplomatic corps. They organized periodic gatherings during the religious celebrations like Tabaski Korite, Gamou and Magal, on the Independence Day, and during Senegal Day, organized by the Senegalese embassy to promote Senegal's culture and opportunities. Supporting remittances is another source of financing that is not developed in Korea. Taxes are high and that, undermines the will to send money back home. Even though Senegalese are among the people in Africa in general and West Africa in particular that send money back the most in their countries, the taxes imposed on the transactions don't motivate Senegalese to send money to their country, and it somehow impacts negatively on the poverty level. Comparing the price they have to pay with what their families receive discourage them to send money back home. Reducing the taxes would be perceived as an incentive for the Senegalese in Korea to send more money for the living of their families, most of which live in rural areas. On the other hand, the Asian region doesn't weigh much as far as Senegalese remittances are concerned. Despite the economic powers in the region, China, Japan and Korea, only remittances from China amounted US\$ 0.6 million as of 2016. No data from Japan or Korea could be found through my research. Unlike Asia, in Europe (France, Italy Spain), North America (Canada and US) and within Africa (Mauritania, Gabon, Mali and so on), huge amounts of money are received from remittances sent by



Senegalese migrants. If remittances are considered as development funding tool, and taxes reduced to back that policy up, then DC will be enriched with quite efficient a tool.

Table 29: Senegal - Migrant remittance

| Senegal - Migrant remittance |                              |                               |                               |                           |                           |
|------------------------------|------------------------------|-------------------------------|-------------------------------|---------------------------|---------------------------|
| Date                         | Remittance balance<br>(M.\$) | Remittance received<br>(%GDP) | Remittance received<br>(M.\$) | Remittance sent<br>(%GDP) | Remittance sent<br>(M.\$) |
| 2017                         | 1,993.2                      | 13.99%                        | 2,237.7                       | 1.53%                     | 244.5                     |
| 2016                         | 1,785.2                      | 13.70%                        | 2,015.9                       | 1.57%                     | 230.7                     |
| 2015                         | 1,408.2                      | 9.08%                         | 1,613.9                       | 1.16%                     | 205.7                     |
| 2014                         | 1,404.7                      | 8.15%                         | 1,613.9                       | 1.06%                     | 209.2                     |
| 2013                         | 1,413.4                      | 8.51%                         | 1,613.9                       | 1.06%                     | 200.5                     |
| 2012                         | 1,130.9                      | 7.66%                         | 1,366.9                       | 1.32%                     | 236.0                     |
| 2011                         | 1,239.4                      | 8.26%                         | 1,477.7                       | 1.33%                     | 238.3                     |
| 2010                         | 1,268.1                      | 9.10%                         | 1,477.7                       | 1.29%                     | 209.6                     |

Source: country economy.com

## 6. Public- Private Partnerships (PPPs)

PPPs are of a great importance in the Senegalese new strategy of development adopted through the PSE. As the plan aims at making massive investment in energy, construction, mining, transportation, tourism, agro-industry, roads and infrastructures, it needs a strong engagement of the private sector to achieve its goals. In that, the private sector is one of the key actor to develop PPPs for a successful realization of the strategy. The government has activated all the legal levers to promote PPPs in all the sectors. In that sense, the PPP can even be considered as the main pillar of the strategic plan for development. It involves the government, the investors, the private sectors, as well as development actors. The scale of the projects requires the participation of all the mentioned actors to achieve the financial means

necessary to implement the projects. Many Investors or foreign private sector are interested in investing in Senegal, and they are mainly from Turkey, Morocco, France and China. Since the national private sector is not strong enough to fund high cost infrastructures, the country needs a wider source of funding through the foreign private sector, to achieve its goals. Here again, such financing tool constitutes another opportunity to develop development cooperation between South Korea and Senegal. The needs are enormous and can't be filled by traditional DC tools (loans and grants) only. However, despite President Park expectation of seeing many Korean companies investing in Senegal with the PSE, and despite having expertise in many of the sectors to be developed, and projects to be constructed, such as a tramway construction, railway networks, public housing construction, the Korean private sector and investors haven't really engaged in PPPs projects in Senegal or with the Senegalese government. Based on my research, apart from the marine industry where Dongwon successfully invested in the fisheries, it was hard to find another sector, where the Korean companies are engaged as partners in a PPP project. This again, as for the Korean FDI participates in explicating the low level of effectiveness of the Korean DC in Senegal.

## **7. Brief comparison between Korean and Japanese ODA to Africa and Senegal**

Japan started funding African countries in the mid-1960s. It has become the world major donors in the early 2000s. And national interests have always prevailed in Japanese aid. While Japan disbursed about US\$ 10.416 Billion as net ODA, Korea disbursed US\$ 2.246 billion as

of 2016. While they all concentrate their aid in the Asian Countries, among Korea's top ten recipients, there are three African countries, whereas for Japan, any of the top ten countries is from Africa. Japan spent 10.6% of its Aid to Africa (US\$1553 million) while Korea spent 23.3% (US\$ 370 million) of its aid to Africa. In terms of ODA/GNI ratio Japan has 0.20 per cent while Korea has 0.16% as of 2016. While Japan is giving most of its Aid to middle income countries, Korea is giving most of its aid to LDCs. While Japan gives more in Humanitarian Aid, 5%, Korea gives 2.3% but as for the sectors Korea directs its aid more to social sectors (45%), more in line with poverty reduction rhetoric whereas Japan spent more in economic infrastructures sectors (51.9%) (OECD), highlighting economic interests based support.

If we compare South Korean ODA to Japan's ODA in Senegal, we can see some similarities in terms of sectors and projects but as for the volume and duration of DC, Japanese ODA is more important US\$ 32.8 million in 2016 whereas for Korea it was US\$ 23.4 million, (OECD). Both Japan and Korea had strong diplomatic ties with Senegal, high level visits, same patterns of trade with far more exports to Senegal than imports, and midterm strategies in relation to their development cooperation policies in Senegal, 2016 2020 for Korea and 2015 2019 for Japan. However, in terms of loans grants ratio, Japan gives more grants than loans to Senegal, while the data showed that recently Korea gave more loans than grants to Senegal. In terms of investment from their national companies, Japanese companies are more active in Senegal with eight Japanese companies present in Senegal (Japanese embassy in Senegal). Japan main ODA focus in Senegal is education, rural development and

infrastructure building and it uses grants (US\$18.53Million) and technical cooperation (US\$ 19.14 million) more than loans as of 2015. In 2016 loan aid was ¥ 35.9 billion, grants ¥ 0.9 billion and Technical Cooperation ¥ 2.4 billion. As of 2016, Japan's economic cooperation (cumulative) with Senegal is as follows: loans, 51.42 billion yen, grants ¥ 113.95 billion and technical cooperation ¥ 49.11 billion. In south Korea's Development Cooperation Policy papers, poverty reduction and economic growth of developing countries are the catchphrase, whereas in the Japanese Development Cooperation policy papers, it is clearly stated that Development cooperation should contribute to the Japanese National interests (MOFA), which is somehow different from the philosophy of Development Cooperation, where economic development and welfare of the developing countries are said to be the main motives to give Aid. Such a move from Japan corresponds to what is really happening on the field and to What Mauss explained in his gift theory, we have used to explain what Development Cooperation is all about.

Analyzing the Korean DC, revealed interests based as well as strong engagement in reducing poverty and supporting developing countries development policies. But with the brief comparison made between the Korean ODA and Japanese one, it appears that Japanese ODA has more characteristics of a tied ODA or economic interest based support. These facts change a certain relatively negative perception of the Korean DC toward African countries, because, comparing it to Japan, although South Korea's aid is far from being perfect, it is fair to recognize the efforts it has been constantly doing over the years to improve its development cooperation policy.

## **8. Summary of the key findings**

International relations between South Korea and African countries has experienced many changes over time. From being political at the beginning in the 1960s, it became more and more economic since the mid-2000s, so did development cooperation, while claiming its humanitarian nature. With the KIAD launched in 2006, South Korea development cooperation with African countries experienced a renewal that is materialized in the increase of the volume of financial flows. And the major instrument used to materialize that policy is ODA. Therefore, ODA volume flows to Africa kept growing over the years and led to 24% of the Korean total ODA destination to Sub-Saharan Africa as of 2016. Lots of social and economic infrastructures projects were implemented through loans from EDCF or grants from KOICA. However, the destination of such flows over the years was interpreted as economic interest based when it mainly targeted resources endowed countries, because they coincided with investments increase in those areas. However, during the period of analysis 2000-2016, development cooperation has been influenced by the MDGs and the SDGs. Their goals of poverty reduction, economic growth and sustainable development are the catchphrase in South Korea's development cooperation. In line with that, we observe that ODA is the main instrument of development cooperation between South Korea and African countries. Still, such an engagement is undermined by certain factors as geographical distance, insufficient availability of information, and the low economic gain Korea receive in return. Analyzing trade and FDI data as development tools showed that both don't really benefit African countries with important trade deficit and low investment respectively. Grants, composed of

financial flows and technical assistance managed by KOICA, represent the major part of Korea's development cooperation in relation with African countries. Loans, as the other main element of Korea's ODA represent 40% of the total bilateral ODA and is mainly managed by the EDCF. KOICA's grants are mainly destined to the social sectors, such as education, health, storage, water, fishery and agriculture. They implemented successful projects to improve living standards of rural population mainly. They also conducted technical assistance holding capacity building activities, deploying Korea experts in Africa and inviting thousands of officials in Korea to develop skills and human capital in general. EDCF loans are mainly oriented in economic Infrastructures that require huge amounts of money. Useful in improving the infrastructures capital, EDCF loans are only about 70% untied, which undermine the efficiency of the assistance in relation to the recipient countries. Since the first mid-term strategy implementation, Korean assistance became more focused on partner countries, which consequently, increase the aid volume, the number of projects in partner countries and gave more room to the ownership principle. Indeed, based on the national strategic plan of partner countries, Korea design the CPS which focus on the implementation of the projects dealing with priority sectors of recipient countries. As developing countries with strong needs of social and economic infrastructures, the partnership with partner priority countries focus more in rural development, water, storage, agriculture, ICT, governance, health and Education. Although South Korea's ODA is dynamic, improving its policies and determined about helping developing countries alleviate poverty, and achieve economic growth, mainly with the

support of KOICA, the fact is that development financing requires a lot more in terms of financing funds and mechanisms.

Despite South Korea's engagement in supporting developing countries and Africa, development tools, like trade and FDI, are lagging behind and made the South Korean development cooperation less effective and efficient. Trade data between Korea and African countries, be it the priority partner countries as a group, or Senegal as one recipient country, show the same pattern: increase in total volume and increasing trade deficit in favor of Korea over the years of the analysis.

Investments increased in the mid-2000s, the 2008-2009 period as observed on table 15, an outcome of the KIAD initiative with the resource endowed countries, however it progressively decreased some years later, 2013-2016 (figure 5). Even with the increase in terms of ODA volume with the CPS and the mid-term strategies, Korean FDI volume to Africa hasn't evolved much with any of the African priority partner countries, at least until 2016, contrarily to the FDI trend when it comes to its Asian priority partners. The analysis focused on ODA, trade and FDI, but same situation seems to be prevailing with other development financing tools like PPPs, and remittances because of a little engagement of the Korean private sector and relatively small African community in Korea. Korea's development cooperation ineffectiveness and inefficiency are in relation to the important development needs of its African partner countries, its aid volume, tied ODA and non-diversity of development tools in play in its development cooperation.

South Korea's development cooperation with Senegal is characterized by the fact that financial flows for loans are more important than grant aid. As for the actors KOICA is the most active Korean development cooperation agency in Senegal. It implemented numerous projects mainly destined to social infrastructures for rural development, agriculture, education, water, storage and health. With the WFK, KOICA participated in improving rural population's standards of living in many levels. Same engagement was shown in dealing with agricultural questions with the establishment of Saemaul Undong and pilot villages in the northern part of the country. Korean NGOs are not that present in Senegal but Better World conducted successful projects in the education and health sector mainly. EDCF loans funded two important projects on ICT and maritime infrastructure, and the KSP implemented policy consultation in line with technical and vocational education. In terms of investments, rare are Korean companies investing in Senegal, but Dongwon industries successfully invested in the Fisheries sector. As for trade, it increased a lot over the years but trade deficit grew as well which undermine development efforts. Since the establishment of their diplomatic ties, relations between the two countries positively evolved with presidential visits, leading to more partnership and signing of MOUs for mutual economic gains.

## **9. Lessons from Discussions**

To combine quantitative with a qualitative method, a set of questions was designed to address the factors that seem critical to explain the relations between South Korea and African countries in terms of Development cooperation. And the feedbacks received from experts and



scholars in the development cooperation field, during seminars, lectures and conferences confirm what have been shown by the data and gave insightful explanations to the situation.

About the question related to the recipients' regime, it is said that in the past, there was no specific requirement about the regime to benefit from South Korea's assistance. However, with the mid-term strategies South Korea support to Africa is rather directed to stable countries with national economic plan and increasing economic growth potential and will to develop. And as for the tools used to implement its development cooperation policy, ODA under the form of concessional loans, grants and technical cooperation appears to be the leading instrument in play. About trade, lack of industries and infrastructures while disposing of raw materials or natural resources in abundance on one hand (African countries) and strong expertise on electronics, automobiles, maritime infrastructures, and mobile devices on the other hand (South Korea), shape the pattern of trade between South Korea and African countries. Such a pattern explains the increasing trade deficit along with the increasing trend of trade volume. As for FDI, main obstacles are energy problems, lack of information and infrastructures, corruption, size of the market and political governance and instability or fragile stability in many African countries. About the question of Korea's comparative advantage in Africa, it appears that the Korean expertise, knowledge sharing of its development experiences and Technologies (ICT), expressed through technical assistance are the most important sectors. To attract Korean companies and investments, political measures are to be taken to eradicate corruption and bad governance, improve stability and establish accountability mechanisms and develop infrastructures, key to the economic sector. As for the

question related to the Korean assistance motives, feedbacks are in favor of the humanitarian motives, with Koica's intervention in the social sector mainly, however, the nature of its ODA in general, in terms of tied aid, loans ratio, and aid destination over the years, it is difficult to acknowledge altruism and humanitarianism as the only key factors of Korean assistance. Development cooperation Policy shows humanitarian claims but data show interest-oriented pattern even though humanitarian aspect is present. To summarize the feedbacks and arguments, one could just say that development cooperation between South Korea and African countries is facing lots of challenges that need to be addressed by both parties for its improvement and effectiveness.

## **CHAPTER V: Policy Recommendations & Conclusion**

### **1. Policy Recommendation for a Better Cooperation for Mutual Economic Gains**

#### **a. To South Korea**

In a position of donor, who suffered from most of the challenges least developed countries are facing, South Korea has a privilege position to understand better than any other country what those countries are going through, so it could seize the opportunities African countries are offering, taking advantage of why most countries fail by helping to correct the mistakes of the past and proposing its original touch that might make development cooperation more effective.

By investing the different sectors of development cooperation among which trade, promoting FDI's flows, more concessional loans in accordance with sound national policies of partner countries, knowledge sharing, to name but a few, will definitely be of a common economic interests for both South Korea and African countries in that it will make South Korea support much more effective and positively impact on recipient countries development. China and India understand it so much that they are massively investing in Africa, and in a world of competition, South Korea could use its history as a soft power, its comparative advantage in technology and knowledge sharing to propose policies with more incentives to impose its strategy to take part in the important opportunities Africa presents for countries that need to

develop their markets and further develop their economies (even if it's not the purpose of development cooperation, it is an undeniable reason that motivates most of the ODA policies).

KOTRA (Korea Trade Investment Promotion Agency) could help to further improve the current trade pattern and investment between Korea and African countries by giving information on how government institutions and government-owned enterprises can support the Korean private sector's substantial investment in Africa.

For more positive impact, Korea should develop aid for trade in its ODA components to restructure the pattern by helping develop industries for more value added traded goods and products, fund infrastructures like roads, ports and other facilities in the recipient countries for them to benefit more in trade in the global market by diversifying their products and increasing their exports volume.

The Korea-African foundation recently created could be more involved in helping Korea know more about Africa, organizing mutual visits between big companies as well small and middle size Korean enterprises, and African private sector to support economic cooperation between Korea and the African countries. Organizing such fora, where they discuss the problems preventing more engagement of Korean companies, will impulse more investment under the form of Foreign Direct Investment or Public Private Partnership.

A more active role needs to be played by the government in motivating the private sector to boost development cooperation. It could be done by giving them guarantee to secure their

investments, or develop PPPs with them in sectors where they are more likely to make profits as incentives for more interest in Africa.

Here are the main points to summarize my proposals: for more effectiveness and efficiency of its DC, South Korea needs to work on its Aid framework to reduce the fragmentation of its aid system, untie more its assistance, increase its ODA volume, allocate more funds in the infrastructure sectors while associating more its private sector in financing DC, promote PPPs to attract small and middle size enterprises, organize more campaigns to raise awareness about the African continent potential in terms of market and job opportunities.

#### **b. To Senegal and African Countries**

Identifying what prevent development, cause trade deficit and lack of investment in Africa on one hand and finding appropriate solutions to those problems on the other hand, would definitely guarantee an efficient development cooperation and economic prosperity.

From the Senegalese perspective, the following points will participate in improving its relations with South Korea in terms of Development cooperation and help the country in its development process. Furthermore, their application might be duplicated in the rest of the continent.

Receiving Korean assistance, be it grants or loans, requires a certain number of conditions. It particularly necessitates well designed projects in accordance with the sectors they accept to fund, so, for Senegal, designing good projects in line with national priority development

sectors on one hand and in line with Korean aid policy on the other hand, can make the difference.

That point is linked with the second point that is more investment achievement. To achieve more investment, lots of efforts need to be done to show the opportunities Senegal represents for the Korean investors, in the construction sector, transportation sector, energetic sector and industrial sector.

But to invest in a country, investors need to know more of the country. Senegal needs to work more to make itself known to the Korean people. It could use its cultural asset through festivals, sports, or other cultural events, and diplomatic ties to leverage its relations with Korean private sector.

Setting annual meetings between the two countries where Senegalese private sector will meet the Korean private sector will also set platforms for the development of PPPs in Senegal that will develop the industrial sector and boost the economy.

That will give more room to diversify development financing. Thus, in addition to ODA, such a collaboration will develop FDIs, Aid for trade, and PPPs.

Attracting more investment will allow to change the trade pattern. With the investment in infrastructures and industries, Senegal will be able to develop manufactured products, giving more added values to its exported goods, having more goods to trade and decrease the trade deficit.

As for ODA, grants are important in alleviating poverty but for the purpose of development, the Senegalese government should require more concessional loans that are more substantial and adequate to build important infrastructures.

The Senegalese government should take all the measures and guarantees that development projects funded from either national or external sources are implemented as planned in terms of finance and timing for effectiveness and transparency. This will give a good image of the country and attract more investment.

For structural transformation, as stated in the national development plan, PSE, Senegal needs infrastructures. Therefore, it should orient its collaboration with South Korea more on promoting Korean investment in infrastructures through loans to develop its infrastructures, without which any development ambition would be seriously threatened.

As general policy recommendations to all African countries in relation to the development cooperation with South Korea, African countries need first, to design important projects according to their national priorities and in line with South Korea's DC. This, constitute a strong point in benefiting from Korean investment.

Second, instead of waiting for assistance to implement projects, the more African countries will invest in social as well as economic infrastructures, the better it will be for their respective economies to attract investors.

Third, because no investor will waste their money in investing in unstable countries, African governments must work to stabilize their countries by fighting against bad governance, civil unrests and corruption and promote civil society participation in designing projects to promote inclusion and ownership and assure popular engagement.

Fourth, because loans are more important in terms of volume and mostly destined to infrastructures, they should be given priority over grants. Besides, because loans are more accountability required, funds can be traced and avoid misuses. Furthermore, they are more sustainable than grants because grants are free by nature and not reimbursed. Thus, their sustainability is not guaranteed due to limited resources. And to ensure effectiveness, governments should work to design sector based grants projects rather than separate projects, sometimes stand-alone projects.

Fifth, develop PPPs with the national private sector to enhance national investment and develop infrastructures. Without a strong national private sector, it will be very hard to build the economy. Industries that can create job opportunities, develop infrastructures and boost the economic growth are only possible with an active participation of a private sector who creates wealth. This is important because a strong private sector could be the missing link between foreign investors and recipient governments. Knowing the context and being fully responsible could be a leverage to attract FDI in priority areas and a guarantee that an important part of the profits will stay in the recipient countries. African governments would be



better off in supporting the private sector's initiatives by giving financial support as incentives or any measures necessary to help them flourish.

Sixth, because most of them have small size markets, African countries would be successful in their trade policy as well if they worked together for a market integration either sub regional or regional to acquire a bigger market that attract big Korean companies and have more words to say in terms of products in the global market.

## **2. Conclusion**

### **a. Limitations**

Let me acknowledge that I had hard times to conduct my research the way I planned it. Quite important policy documents I came across were in Korean and my Korean language skills were not enough to exploit the mentioned documents. I was also confronted with data unavailability in terms of FDI for some years of the period of the analysis. Some data were also missing from reports or official sites consulted. Besides, I couldn't go into details in examining each priority partner country because conducting the research in part for seven African countries was not an easy task as far as time, documents and length of the research are concerned.

Besides, staying in Korea didn't allow me to get in touch with some Senegalese governmental agencies to get official documents from the Senegalese perspective and the same reasons prevented me from having all the details on the projects implemented by KOICA or EDCF. As for the questions I designed for discussions of key factors of Development cooperation between South Korea and African countries, most of the officials I approached just asked me to use official sites whereas what I was aiming at while designing those questions was a vivid conversation or exchange to enrich my research with not only quantitative data but also with qualitative data, to compare what is in the policy documents, the data and what officials on the field think and what they are confronted with through their experiences as development cooperation experts

### **b. Development Cooperation: A strategic cooperation for the benefit of all**

As expected from the formulation of my hypotheses, lack of interest because of the numerous problems detected through our analysis justifies the low volume of development cooperation, particularly FDI flows from South Korea to Senegal. And the lack of efficiency of South Korea's development cooperation is mainly due, as expected, to lack of variety in the development instruments used in its development cooperation vis a vis African countries and the trade pattern.

The reading of some policy documents, observation and analysis of data, along with my international relations class, led me to draw my own conclusions about Development Cooperation and confirm the hypotheses.

Even though countries are willing to support others for valuable reasons, there is no denying that they need to ensure their survival first, hence their national interests. No blame will I put on donor countries, rather demand recipient countries to better be responsible and truly dedicate themselves to eradicate poverty, achieve economic growth and sustainable development. No doubt they need support for expertise, financial flows, know-how and knowledge transfer, but those transfer can't be expected to be for granted or exclusively beneficial to developing countries. Either motivated for political, economic, or strategic reasons, DC can cause positive outcomes if recipient countries are really willing to.

Despite Korea's engagement to serve as a bridge in helping developing countries reach the stage of development, a lot need to be done. South Korea's policy towards African countries

will be relevant only if African countries are willing to take the challenges they are facing. However, reforming its development cooperation policy by increasing its ODA/GNI ratio, untying its aid, relatively increasing its grants compared to its loans in most fragile African states, increasing concessional loans and promoting trade and FDI by giving more incentives to its private sector will be a considerable step towards that goal. In addition, as the main outcome of Knowledge sharing is to empower human capital, main actor of the development, it constitutes a comparative advantage for South Korea which needs more access to the African market for its economic interests where more powerful competing rivals have already been for decades.

The message I want to conclude with for both South Korea and its African recipient countries is as follows: Lessons are to be learnt from South Korea's development experiences and adapted to recipient countries in a totally different world context.

## **Appendix**

### **QUESTIONS FOR DISCUSSIONS**

- 1. Does Korea's Development Cooperation Policy care about the recipient countries' regime?**
- 2. What are the main tools of development cooperation used by South Korea in its development Cooperation policy in Africa, and why?**
- 3. Why is trade between South Korea and African countries to the detriment of African countries and how can it be improved?**
- 4. Compared to other developed countries, what can be South Korea's comparative advantage in increasing its share in the promising African market?**
- 5. What can African countries do to be more attractive to Korean companies and investments?**
- 6. Is South Korea Development Cooperation Humanitarian or resources oriented and what are the main sectors involved?**

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## 한국의 대 아프리카 개발협력 정책 및 전략: 세네갈의 사례

### 국문 초록

MDGs 채택과 함께 2000년대 초반부터 개발 협력에 열렬히 기여한 한국은 선진국과 개발도상국 간의 격차를 해소하기 위해 개발 경험을 공유하고 개발 프로젝트에 자금을 지원해왔다. 본 연구는 한국의 핵심 협력 국가와 특히 세네갈의 사례 연구를 중심으로 아프리카 개발도상국들에 대한 아프리카 개발 정책 또는 접근 방식을 검토한다. 한국의 개발 협력 전략, ODA, 무역 및 외국인 직접 투자에 사용되는 도구를 면밀히 조사한다. Marcel Mauss의 선물 이론은 선진국과 개발도상국 사이의 개발협력을 설명하는 이론적 도구로 사용된다. 분석 기간인 2000-2016년 사이에 한국의 원조 규모는 점차 커지고 있지만, 이러한 원조가 꼭 최빈국(LDCs)으로 향하지 않는 것으로 나타난다. 최빈국이 특히 많은 아프리카의 국가들은 최근에 한국 원조의 동기에 의문을 제기하며, 한국의 원조가 이익 기반인지 인도주의적 동기를 가진지에 대한 논의가 계속된다. 한국의 지원은 주로 정부 기관인 KOICA 및 EDCF에서부터 유·무상 차관으로 구성된다. 보다 효과적이고 효율적인 지원을 위해 전략 계획, 중기 전략 및 CPS를 구성함으로써 한국의 개발협력이 향상되었다. 그러나 아프리카 국가들에서는 개발 자금 조달 도구가 많이 사용되지 않고 있으며 이는 아프리카에서 한국의 낮은 개발협력 수준과 비효율성을 설명한다. 핵심 협력 국가 중 하나인 세네갈은 EDCF 기금과 KOICA의 많은 프로젝트에 의해 많은 사회 기반 시설과 경제 기반 시설이 제공되었다. 그러나 세네갈에서는 일반적으로 아프리카와 마찬가지로 FDI의 규모가 매우 작고 무역은 크게 세네갈의 수산물 수출과 전자 기기 수입으로 이루어져있다. 연구의 결론에서는 정책 권고안으로, 아시아 협력 국가들과 마찬가지로 아프리카 협력 국가들과도 무역, FDI 및 기타 개발 금융 도구 개발에 중점을 두어 인프라, 인적 자본, 노하우를 개발하고, 일자리를 창출하며 경제 성장을 촉진해야한다고 저자가 주장한다. 이렇게 하면 한국의 개발협력 효율적일 높아질 것이고 한국과 협력 국가들 간의 윈-윈(win-win) 상황이 이루어질 수 있을 것이다.

**핵심 용어:** 개발협력, 정책, 대한민국, 아프리카, 핵심 협력 국가, 공적원조(ODA),

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